

VOL. II

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1943

No. 31

McLEAN TRUCKING COMPANY, INC., THE SECRETARY OF AGRICULTURE OF THE UNITED STATES, AND AMERICAN FARM BUREAU FEDERATION, APPELLANTS

vs.

THE UNITED STATES OF AMERICA, INTERSTATE COMMERCE COMMISSION, ASSOCIATED TRANSPORT, INC., BARNWELL BROTHERS, INC., ET AL.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

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1 In District Court of the United States for the Southern
District of New York

Civil Action No. 18-116

McLEAN TRUCKING COMPANY, INC., PLAINTIFF

v.

UNITED STATES OF AMERICA AND INTERSTATE COMMERCE COMMISSION, ASSOCIATED TRANSPORT, INC., ARROW CARRIER CORPORATION, BARNWELL BROTHERS, INCORPORATED, CONSOLIDATED MOTOR LINES, INCORPORATED, HORTON MOTOR LINES, INCORPORATED, MCCARTHY FREIGHT SYSTEM, INC., M. MORAN TRANSPORTATION LINES, INC., SOUTHEASTERN MOTOR LINES, INCORPORATED, TRANSPORTATION, INCORPORATED, THE TRANSPORT COMPANY, KUHN, LOEB & COMPANY, BARNWELL WAREHOUSE & BROKERAGE COMPANY, BROWN EQUIPMENT & MANUFACTURING COMPANY, CONGER REALTY COMPANY, AND SOUTHERN NEW ENGLAND TERMINALS, INC., DEFENDANTS

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AFTERNOON SESSION—2:00 P. M.

Exam. BAKER. Let us resume, gentlemen.

JOHN J. MCCARTHY, resumed the stand and testified further as follows:

Direct examination (continued) by Mr. JOSELOFF:

Q. Mr. McCarthy, concerning the contract dated June 11, 1941, with Associated Transport, Inc., by the stockholders of the McCarthy Freight System, is it substantially the same as the Horton contract set forth in Exhibit C-1 of the application, except as otherwise set forth in Exhibit C-1 (b) of the application?

A. Yes; that is right.

Q. And is one hundred percent of the stock of the McCarthy Freight System to be exchanged for Associated stock?

A. That is right.

Q. With regard to the contract of June 11, 1941, with Associated Transport, Inc., by the stockholders of the Southern New England Terminals, is that contract substantially the same as the Conger contract in Exhibit C-1 (a) of the application, except as otherwise set forth in Exhibit C-1 (b)?

A. That is right.

Q. And is a hundred percent of the stock of Southern New England Terminals to be exchanged for stock of the Associated Transport, Inc.?

A. Yes.

437 Q. Mr. McCarthy, were you here while Mr. Horton, Mr. Seymour, and Mr. Arbour testified as to the benefits which would result if the proposed unification were to be approved by the Interstate Commerce Commission?

A. Yes.

Q. And did you listen to and are you familiar with and recall their testimony?

A. Yes.

Q. Do you concur in the statements made by them as to the benefits both to the public, to the shippers, and to the companies?

A. That is right.

Q. Is there anything that you would care to add to the benefits of consolidation in addition to what they had said or in elaboration so far as any particular factors which occur to you?

A. Well, in my opinion, the majority of the trucking companies were not properly capitalized to begin with. I know in our particular case we have in years past put a lot of money into terminals and what not, and it has reached a point where we have gone about as far as we could. It is not fair, I don't think, to ask stockholders continually to keep putting back in money and take out nothing at all for themselves in any way. And it is impossible practically

438 for a company of our size to go out in the market and sell securities to be used for capital, and under this we believe that that is possible.

In years past, of course, I think the load factor is the determining factor. That is my opinion, of course. And, of course, the load factors are as good as they ever have been at the present time.

Which brings up another situation. We being a public servant, and we serve the public, we have at the present time demands on us to handle additional tonnage. Well, it still means the stockholders have to either go into their pockets or try to raise money and guarantee it and what not to take care of that particular thing at the present time. With that in mind, there is no guarantee how long it will exist. They will be committed to commit themselves on these obligations, and if something changes within a short period of time, why, they will find themselves in a very bad state of affairs.

Furthermore, with the tax situation as it is at the present time, I know that we, and we believe others, will pay our taxes next year out of our income next year, because we have not the capital to do otherwise. That being so, when we come to a time when there is a downgrade and there will be no income that year to take care of our taxes, well it is hard to tell what the results will be.

That, in my opinion, will affect many carriers, some more than others, and it could go to a point of disaster.

439 With that in mind we certainly have looked ahead that far, and we would like to see the proper capital put into the business to prevent that.

Q. In your opinion, is the cash balance of McCarthy Freight System at the present time adequate for working capital?

A. No; it is not, not in our opinion.

Q. I am asking you, of course, your own opinion.

A. That is right.

Q. How much additional cash would you need?

A. Well, at the present time around \$300,000. I think that \$350,000 is enough. We think that there should be \$100,000 in that particular case. We feel we should have at least \$200,000.

Q. In addition to what you already have, Mr. McCarthy?

A. To what we have at the present time.

Q. That is, in addition to what you have at the present time?

A. That is right.

Q. What has your average cash balance been for the past two years?

A. Well, for the past two years I don't know. I would say for the past year a little more, perhaps around \$60,000.

Q. So that would make a total roughly of \$250,000 for working capital?

A. That is right.

Q. Now, you heard Mr. Arbour testify specifically as to advantages which could be accorded to Consolidated's customers
440 insofar as the area in which the McCarthy Freight System is strong and Consolidated weak—the southeastern section of Massachusetts; and then he made further reference to the fact that a similar situation would exist in parts of Connecticut where the McCarthy Freight System is comparatively weak and the Consolidated strong. Do you concur in that opinion?

A. I do.

Q. What can you tell us, Mr. McCarthy, about shipments, or the demand of shippers in New England for shipments moving to southern points?

A. We do have some demand. I had a case here within a week where a shipper in Fall River had to move some silk to, I think, Hazleton, Pennsylvania. He called us at 4 o'clock in the afternoon. It had to be there so a draft could be secured from the bank before noon the next day. We told him it was impossible. It so happened we had no connection to New York where we could meet up with somebody. As far as operations of trucks are concerned, there are many factors to be considered. Take out of Fall River, there is no question there is a service to New York. This had to be a special service.

Q. Is that Fall River, Mass., that you are talking about?

A. Fall River, Mass. In this particular case the people that had the service from New York to Fall River had no special
441 equipment that on a few minutes notice they could put into operation. They were willing to pay for expedited service and what not. But, of course, they wanted to connect up with Arrow Carrier in New York, and of course we just could not meet because we did not have the rights to go far enough. Neither did Arrow Carrier. We had to turn it down. I don't know what he finally did on it, but that being in our neck of the woods, that is where our surplus of equipment would be, so we could handle that. We do have such things as that.

Q. Do you recall Mr. Arbour's testimony on competition remaining in New England?

A. Yes.

Q. And you are familiar, are you not, with applicant's Exhibit 3 which has been introduced by Mr. Arbour—

A. That is right.

Q. —depicting competition in New England and other surrounding points. I ask you whether or not you concur in Mr. Arbour's testimony in that regard.

A. I do.

Q. Is the fact that it is proposed to retain the present management in Association Transport of benefit insofar as shippers are concerned?

A. It is a very vital factor. As a matter of fact, I
442 would not go along with anything where they did not do it.

Q. Do you know of your own knowledge of shippers' reaction to that retention of management?

A. No question about that in our business.

Exam. BAKER. Will you keep your voice up a little higher, please.
The WITNESS. All right, sir.

By Mr. JOSELOFF:

Q. Mr. McCarthy, I believe you testified this morning of a merger or acquisition by McCarthy Freight System of Raleigh Transportation Company in 1938.

A. That is right.

Q. I ask you whether or not that was a substantial acquisition.

A. Yes, sir; very substantial, I would say.

Q. Will you please state what the effect of that acquisition was upon the number of employees of both companies?

A. Well, after the merger, or very shortly after, we increased the number of employees.

Q. And whether or not that number has increased since the merger?

A. Oh, it has increased quite a lot since that.

Q. Now, based on your actual experience and your knowledge of the trucking business, what, in your opinion, would the effect of the proposed unification if approved be on the number of employees of these various companies?

443 A. Well, in my opinion, on a good merger there isn't any—there are not any less. It usually becomes stronger and would require more.

Q. And would that apply to this particular case, in your opinion?

A. There is no question at the present time.

Mr. JOSELOFF. That is all I have, Mr. Examiner.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. TOBIN:

Q. Mr. McCarthy, this Raleigh Transportation Company, how many employees did they have before the merger?

A. I don't know exactly, but I would say—I would have to guess. That is three years ago. Well, they had, say, 300 or so; quite substantial.

Q. How many terminals did they have?

A. Oh, they had at least twelve.

Q. Did you continue those twelve terminals?

A. We combined them, yes.

Q. You combined them?

A. Yes.

Q. By combining them what do you mean?

A. Well, most places—well, in some places we moved into his; in other places he moved into ours.

Q. So that it displaced some of the terminals in the long run?

A. Well—

Q. Well, you had a terminal—

444 A. That is right. Oh, yes.

Mr. TOBIN. That is all.

By Mr. JOSELOFF:

Q. Mr. McCarthy, in displacing these terminals did the new terminals—did it result in an enlargement of the terminals?

A. Oh, yes.

Q. And did it result in an increase rather than a decrease in the number of terminals?

A. Well, the result is that in the past three years we had to build five of our own on account of it. Those five new ones were built because we could not get terminals to take care of us. That has all been within the last two or three years.

By Mr. TOBIN:

Q. On your increasing facilities in these terminals that you have taken over, have you any figures on employees in those terminals?

A. No.

Q. That you can show that you had an increase of employees or a decrease of employees in those terminals?

A. No. I would say in every terminal we had an increase.

Q. At the time of the merger?

A. Shortly afterward.

Q. Yes.

Mr. Tobin. That is all.

By Mr. WIPRUD:

445 Q. Mr. McCarthy, what is the load factor which you consider necessary to a successful truck operation?

A. Well, that is very hard to answer. We operate—I know of operations in a certain territory that the load factor is very poor. In those cases that is taken care of—in some cases—through difference in rates; I mean between two particular points where you have got an extreme load factor, naturally the rates are more.

Q. Well, in this particular territory in which you operate what would you consider a load factor necessary to successful operation?

A. Well, I would say 75 percent would be considered successful.

Q. And if I understand your testimony correctly, your operation requires additional working capital; is that correct?

A. That is right.

Q. Is it customary for lines requiring additional capital to pay bonuses to their executives?

A. It depends on what their salaries are.

Q. Well, let us take your line. In Exhibit 1—referring to Exhibit 1 attached to your contract in the application it shows bonuses of \$15,832.50.

Mr. JOSELOFF. Mr. Wiprud, you mean Exhibit I.

Mr. WIPRUD. I beg your pardon. Exhibit I.

By Mr. WIPRUD:

Q. Is that in addition to salaries paid the executives?

A. I think those bonuses extend beyond the officers.

446 Q. Well, does the major portion of them go to officers of the company?

A. Well, I would say a good share of it.

Q. Well, do you think the company is justified in paying bonuses when it is short of working capital?

A. I don't call those bonuses very substantial.

Q. Well, did you hear the testimony of the previous witness, the president of Consolidated, that they had paid \$45,000 in bonuses and yet they needed working capital?

A. I did not hear him.

Q. Who are the stockholders, Mr. McCarthy, of the Southern New England Terminals?

A. I haven't a list of them.

Mr. JOSELOFF. May I say for the record they are listed in Exhibit A of the application.

Mr. WIPRUD. I did not find it, Mr. Examiner. If counsel will point it out here—May I have a moment? Just off the record.

Exam. BAKER. Off the record.

(Discussion off the record.)

By Mr. WIPRUD:

Q. Referring to Exhibit I again attached to the contract, Mr. McCarthy, what does it show in regard to officers' bonuses?

Mr. JOSELOFF. Which contract do you have in mind, Mr. Wiprud?

447 **A.** \$3,000.

Exam. BAKER. Just a moment. I think we will have the record confused. If counsel will address all the remarks to the Examiner and not two or three talking at once, the record will be in better shape. What is the last question?

(The record was read.)

Exam. BAKER. Mr. Wiprud, will you answer Mr. Joseloff's question, which contract?

Mr. WIPRUD. I have in mind, Mr. Examiner, the contract relating to Southern New England Terminals, Inc.

Exam. BAKER. Mr. McCarthy, did your answer relate to Southern New England Terminals, Inc.?

The WITNESS. That is right. \$3,000 is the answer.

Exam. BAKER. Proceed.

By Mr. WIPRUD:

Q. Are there any salaries paid officials of that company?

A. No, sir; no salaries whatsoever.

Q. Just briefly, Mr. McCarthy, is this a company merely organized for the purpose of holding this Terminal property?

A. That is correct.

Q. And this company pays, of course, all amounts required under the respective leases and so forth to the owners of the properties leased?

A. I don't just understand your question.

448 **Q.** Well, some of the Terminal's properties are leased, are they not?

A. That is right.

Q. And all of those properties are in the name of Southern New England Terminal, Inc.?

A. No. You mean we lease other terminals from other people other than the Southern New England? McCarthy Freight System does. In that case they lease them direct.

Q. They lease them direct?

A. That is right.

Q. This company, then, has been organized for the purpose of holding leases on certain other terminals?

A. That is right.

Exam. BAKER. Mr. McCarthy, do you mean the Southern New England leases certain property and then releases it to McCarthy?

The WITNESS. No. The Southern New England Terminals have bought property and built terminals, which in turn they lease to the McCarthy Freight System. That is their sole function. Then the McCarthy Freight System has other leases with other people for terminals that they hold direct.

Exam. BAKER. That is what I wanted to clarify.

The WITNESS. Yes.

Exam. BAKER. The only property leased to McCarthy is the property owned by Southern New England Terminals.

449 The WITNESS. That is correct.

Mr. WIPRUD. That is all, Mr. Examiner.

Redirect examination by Mr. JOSELOFF:

Q. Mr. McCarthy, I think you stated that, in your opinion, as far as your company was concerned a 75 percent load factor was enough for a successful operation, or words to that effect. Is that correct?

A. Yes; I said that in the question if it were possible or was it possible; that is, I do not say that applies to everybody or in every location.

Q. Now, with regard to your company, do you consider that the ultimate goal insofar as your own load factor is concerned, or do you consider that an improvement on that load factor is desirable?

A. Of course, we are not satisfied, or should not be, unless we had a hundred percent, naturally.

Q. Well, with regard to the financial strength of the Freight System, would it be desirable to improve that load factor?

A. Yes; it would, of course.

Q. And are you constantly striving for a goal increasing your load factor?

A. That is true.

Q With regard to the matter of bonuses as it affects the need for working capital, whether or not you consider the bonuses as just and fair compensation for officers and not in the nature of depleting cash of the Freight System.

450 A. Well, I could spend a lot of time on that, but they are certainly not out of proportion to the business that we have done. And, furthermore, considering all of the facts which led up to this particular point, many times we went to no salary at all.

Q. Well, in other words, is it a fact that the salaries as they existed prior to the bonuses were considered by the management as inadequate for the actual work done?

A. That is true.

Q. And you were asked whether that would apply in the case of Consolidated Motor Lines. Do you know whether it applies in that case? What is that?

A. Excuse me.

Q. Do you know whether that situation would apply in the case of Consolidated Motor Lines?

A. I would not be in a position to answer that.

By Exam. BAKER:

Q. Mr. McCarthy, during the periods in which you paid these bonuses the McCarthy Freight System operated at a profit, did it not?

A. Yes.

Q. A substantial profit, would you say? Well, it is in the record.

A. Yes; I would say it is a fair profit.

451 Q. I believe I asked the same question of Mr. Arbour, but I will also ask you. The map indicates that the McCarthy Freight System operates into New York City. Is your operation into New York a general commodity operation, or just what is it?

A. No; it is not. I stated that we have a limited right into Westchester County on chain-store supplies, and we have that contract operation in New York on the precious metal, but not on general commodities in either case.

Q. How near to New York City do your routes extend so far as the general commodities?

A. Practically right to the Connecticut-New York line, on the shore.

Q. With respect to your contract operations in the transportation of precious metals, do you haul any commodities such as equipment used in connection with precious metals, or in the transportation of those special commodities?

A. Not that I know of.

Q. It is my understanding that you claim rights not only as to precious metals, but as to certain supplies and equipment used by persons dealing in those metals. Is my understanding incorrect?

A. Well, if that is in there, that must be what the application is.

452 Mr. JOSELOFF. Perhaps I could clear that point for the record, Mr. Examiner. Don't you have in mind the containers that are incidental to the hauling of those gold and silver bars?

The WITNESS. That is true.

By Exam. BAKER:

Q. What kind of shippers do you serve in connection with that contract carrier operation?

A. A lot of the material goes into silversmith up around Providence, in that vicinity, where a great deal of silverware is made. In the New York operation, why, the bullion, I think as they call it, we handle that between the bank and the plant.

Q. In the event the transactions involved were approved by the Commission and consummated do you feel that Associated Transport, Inc., will be likely to serve the same shippers as a common carrier which they would serve in connection with the contract operations which you have described?

A. No; I would not say so.

Q. I believe you referred to the practice of paying income taxes, say, for the year 1940 out of 1941 income.

A. Yes.

Q. The accounting regulations of the Commission, of course, make provision for income taxes. Is it your practice or not to actually establish a reserve for the payment of income taxes, or is that merely a bookkeeping entry so far as you are concerned?

453 A. Well, we have attempted to do it both ways. We have set up some reserve for it. Many times it is inadequate.

Q. In connection with the merger by Raleigh Transportation Company into McCarthy Freight System, you stated that the number of employees was increased shortly after the merger. By that do you mean the aggregate number employed by McCarthy and by Raleigh?

A. That is right.

Q. Did you take over all of the activities of Raleigh when the merger was consummated?

A. That is right.

Q. Are you having any difficulty at the present time in securing sufficient skilled employees?

A. Very much.

Q. Does that apply to drivers?

A. It applies to drivers, helpers, and mechanics.

Q. Who would you say is your principal competitor?

A. Well, we have about—well, of course, in different localities we have different ones throughout the whole system. Why, I would say that Adley Express is one. Seaboard Freight Lines is another. And between different localities there are, of course—Consolidated is a competitor of ours also. But in different localities. In Connecticut we have a great number; say, from Connecticut competing into the Providence area, and then from Boston to the western part of Massachusetts, Connecticut, we have another group.

454 Q. Well, taking an over-all picture, would you say the Consolidated is the most competition you have?

A. If you take any particular one, that might be so.

Q. Well, is it true, or not? Will you state that?

A. Well, they are very competitive. There is no question.

Q. Consolidated is the only one of the carriers involved in this application with which you do compete, is it not?

A. That is right.

Exam. BAKER. That is all the questions I have.

By Mr. JOSELOFF:

Q. Is the New England Transportation Company very competitive with McCarthy Freight System?

A. Very much so.

Q. Would you put that in the same class as Adley Express or Seaboard or Consolidated?

A. New England Transportation competes in more points and over more of our territory than any of the others.

By Exam. BAKER:

Q. Here is one more question I intended to ask you. I understand from a statement of a previous witness that you interchange trailers with Moran. Is that correct?

A. That is right.

Q. Will you describe for the record just how that is working out?

A. Well, we interchange a lot at Pittsfield with Moran. Of course, we are in constant trouble with our mechanical
455 department on account of the difference in equipment between the two. Of course, as far as our operating men are concerned, they try not to give Moran any of our better equipment, and I think the same holds true in Moran's operation, in that our men look out for our interests first, and Moran comes later, and I

think they exercise the same policy, so that there is a lot of confusion, and there is more or less dispute over damages, repairs, and what not so that it is not the most loveable arrangement that anybody could have.

Q. From the shipper's standpoint how does it work out? Does he get the service?

A. Yes. Of course, we can give that through service, and we do. In some cases we have to give it.

Q. Do you operate through trailers as a regular thing; that is, daily schedules, or is it just occasionally?

A. No; there is a movement daily. How many, there is no definite or particular set-up. But if we get from any one particular point a load going from Syracuse to Buffalo and it happens to be a straight load, in many cases it can't be shifted; it has to move through. So I will say each day there is some moving. We have not set up a definite one hundred percent operation where we interchange everything.

Q. In order to make such interchange feasible is it necessary that your equipment be more or less standardized?

A. Yes. There are many things that enter into it. For instance, Moran uses a lot of closed vans. In our particular territory we have a lot of brass and steel moving that we have to use cranes on. And we run into a situation once in a while where, say, in the City of Bridgeport they will want a half dozen open vans and tomorrow morning we will find we have four or five closed ones. Well, we have to move them between one point and another.

Another thing we get from Moran a lot, they have different sizes—and we have a name for them—and we get them into our territory and they are no good to us. They are small, and what not, and they just don't fit, and our operating department has a real headache moving them. By the same token, why, in New York State they can load a little heavier, and we set up our equipment based on a certain maximum load, and they get some of our long trailers up there, and they certainly can load them more than we want them loaded.

Exam. BAKER. Any more questions of this witness?

By Mr. SULLIVAN:

Q. Mr. McCarthy, it is a fact that the operating departments always try to use the smallest piece of equipment that will carry the load if they have got more than one size so as to reserve the larger ones for themselves in their own territory?

A. That is true.

Q. And they don't worry much about the fellow at the other end of the line as to what he is going to do with it?

457 A. No. That is mostly my job to straighten them out.

Q. And that entails—this exchange of equipment as between Moran and McCarthy entails considerable telephoning and work on the part of the general officers of the company trying to settle the squabbles of the people underneath, does it not?

A. That is true. I imagine it exists everywhere. The men we got are working for McCarthy every minute. There is no question about the men that Moran have, but they are working for Moran. They do—they get us into a lot of trouble.

Exam. BAKER. Witness excused.

(Witness excused.)

Mr. SULLIVAN. Are you finished?

Mr. JOSELOFF. Yes; I am finished.

Mr. SULLIVAN. All right. The next witness will be Mr. Arnold.

JAMES S. ARNOLD, being first duly sworn testified as follows:

Mr. SULLIVAN. I will state at this time, Mr. Examiner, that Mr. Arnold will be followed by Mr. Ackerman and Mr. Whitehead, heads of the Arrow Company. Mr. Arnold is from the Transport Company; and because Mr. Arnold has been indisposed for the past two days I am going to save some of the questions I otherwise might have asked him and have them answered by Mr. Ackerman

who is also in a position to answer them, so that I am going
458 to try to be as brief with Mr. Arnold as much as possible.

Exam. BAKER. Very well.

Direct examination by Mr. SULLIVAN:

Q. Please state your full name for the record.

A. James S. Arnold.

Exam. BAKER. And will you state your address.

The WITNESS. Care of Kuhn, Loeb & Company, 52 William Street, New York.

By Mr. SULLIVAN:

Q. You have referred in giving your address, Mr. Arnold, to the firm of Kuhn, Loeb & Company. Are you employed by that firm?

A. I am employed by Kuhn, Loeb & Company; yes, sir.

Q. And in what capacity are you employed by that firm?

A. I am the head of the statistical department.

Q. What is the business of Kuhn, Loeb & Company?

A. They are what is commonly referred to as investment bankers. As that business is now restricted, it limits itself to the purchasing of issues of securities from companies or other organizations and reselling them to other dealers or to insurance companies, and so forth; in other words, distributing.

Q. In conjunction with your employment by that firm, or because of that, have you become an officer of a company known as the Transport Company?

A. I am the vice-president and the treasurer of the Transport Company.

Q. And will you tell us what sort of a company the Transport Company is?

A. The Transport Company was organized in 1940 as the vehicle by means of which the consolidation of trucking lines in the eastern seaboard that was attempted last year was to be accomplished. That having failed to receive the approval of the Commission, the Transport Company found itself in the possession of certain valuable assets. It therefore became necessary for the company to continue its existence.

Q. Are you finished with your answer?

A. Yes.

Q. Who are the stockholders of the Transport Company?

A. The entire amount of issued stock of the Transport Company is held in the name of Kuhn, Loeb & Company.

Q. Who are the directors of the Transport Company?

A. Mr. Charles B. Wiggin, and Mr. Charles E. Cotterill, and Mr. J. S. Arnold—James S. Arnold.

Q. That is, you are one of the directors of that company?

A. I am one of the directors.

Q. Now, did that company during this period of the activity of the company with respect to the truck merger to which you have referred enter into certain contracts relative to the purchase of a common carrier corporation known as the Arrow Carrier Corporation?

460 A. The Transport Company at that time executed contracts with a number of trucking companies, all contingent upon the merger being approved by the Interstate Commerce Commission, and some few weeks, or—well, some few weeks after the general run of the contracts were executed, including the one with Arrow Carrier, a special contract was made with Arrow Carrier which virtually amounted to the waiving of that provision in the original contract, that in case the Interstate Commerce Commission disapproved the merger that the contract would cease to exist. So that after the Commerce Commission had disapproved the old Transport Company merger in 1940, then the Transport Company was relieved of all its obligations to all of the companies except Arrow. It still was under the original obligation to purchase Arrow at the price specified in the original contract.

Q. Just to divert for a second, Mr. Arnold, and for the sake of the record, the I. C. C. numbers in this amendment to which you have referred were M. C. 1223, 1244, and 1264.

A. I will have to accept your figures on that.

Q. Well, I thought the record should show that.

Exam. BAKER. MC-F, it should be.

Mr. SULLIVAN. Yes, MC-F.

By Mr. SULLIVAN:

Q. Now, then, these contracts that were entered into, or this modification of the original contract with the Arrow Company—it really was with the stockholders of the Arrow Company, was it not?

A. It was with the stockholders.

Q. This modification took place somewhere around the month of September 1940, and prior to the Commission's decision?

A. It was the 23rd of September, I think.

Q. And at the same time that the modification of the contract took place with respect to the obligation of the Transport Company to acquire the stock of Arrow, was there a supplemental contract with respect to leasing the properties, the operating property of Arrow, entered into?

A. The Transport Company leased the operating properties of Arrow Carrier Corporation.

Q. Now, will you carry on from there, Mr. Arnold, and tell us what happened next with respect to that Arrow-Transport transaction?

A. As originally set up the contract called for the taking over of the property and paying the remaining unpaid balance due on March the 7th, 1941, and on or about March the 7th—effective as of March the 7th, at least, there was an exchange of letters between the Transport Company and the Arrow stockholders by which both the agreement to purchase and the lease were extended for 30 days. Then at the expiration of that 30 days, which would bring it up to approximately April 7—and I want to mention now while

it is on my mind that I am not testifying that all of these papers were precisely executed upon these dates, March the 7th and April 7, because there were certain circumstances

which made it—as long as there was no question, no lack of confidence in the good faith of either, that we occasionally let the thing go over the week end and we would fix it up as of that date, but the theoretical dates were March the 7th and April the 7th.

So that when the contract expired for the second time on April 7, 1941, they were then renewed, the agreement to purchase being renewed until December the 18th, 1941, but the lease was renewed until December 31, 1941. I do not think there was any deliberate reason why the lease was put for the longer period, but it was. It was one of those things that sometimes happen.

Q. Was some money paid to the stockholders of the Arrow Carrier Corporation by the Transport Company?

A. At the original date of September 23 when the contract was taken over free of the contingency involving the Commission's decision, the Transport Company paid to the—I think the funds were turned over to Mr. Ackerman as something in the nature of a trustee for the stockholders—the sum of \$100,000, which was to go toward the payment and the obligation remaining to pay for the rest when we took it up. Then at the—on March 7, 1941, my recollection is that Mr. Ackerman, in recognition of the fact that circumstances were so set that it seemed the decent thing to do, pushed the agreement on 30 days without any payment.

463 Q. Excuse me. Just—

A. Without any additional payment.

Q. Just so we carry the record along, who is Mr. Ackerman?

A. Mr. Ackerman is the president of the Arrow Carrier Corporation.

Q. And one of the principal stockholders?

A. And one of the principal stockholders.

Q. I did not mean to interrupt you.

A. Yes. So when the agreements expired the second time we felt that it was desirable to have them renewed for a longer and somewhat more definite period. Then after some negotiations it was settled to extend the agreements, and the consideration being that the Transport Company purchase from the Arrow stockholders some \$107,000 worth of preferred stock, 1,070 shares, if my memory holds good, at par, which was done. The transfer was made and the stock is now held by the Transport Company.

Q. So that—oh, yes; one more thing further. Under this lease arrangement does it sufficiently describe or say that it was a lease arrangement under which the consideration for the lease would be more or less equal to the profits earned by Arrow during the period of the lease?

A. The lease did specify that the rental would be the net profits, the net operating income or net profits—in fact, net income I think was the word used.

464 Q. Well, may we say it this way; Mr. Arnold, that as of the present time Kuhn & Loeb owns—or, rather, the Transport Company owns \$107,000 worth or 1,070 shares of the preferred stock?

A. We have a little more than that now. In other words, your records will not show holding exactly 1,070 shares. They bought some small number; I believe it was \$25,000 worth more, something like that. Possibly later someone is going to give the figure.

Q. That will be developed later. I think it was 50 shares.

A. Well, whatever it was.

Q. And that preferred stock was purchased from stockholders who had not been a party to the original transaction?

A. The second purchase was from what you might say outside holders.

Q. Well, then, Mr. Arnold, the situation as it rests at the present time is substantially that the Transport Company owns its preferred stock which you have described; it has a contract expiring on the 18th day of December 1941, by virtue of which contract, upon payment of the balance of the purchase price, of which they have already paid \$100,000, the Transport Company can pick up all the remaining outstanding common stock of the Arrow Carrier Corporation?

A. Yes; sir.

Q. Now, then with the Transport Company in possession
465 of that agreement, and with the facts as you have described them, did there come a time when negotiations were entered into between the Transport Company and the Associated Transport Company, the applicant here?

A. Yes, sir.

Q. And that was some time last spring, was it?

A. Well, yes; it began in the spring.

Q. Those negotiations continued for quite a time?

A. They were quite protracted.

Q. You participated in them?

A. To some extent.

Q. And various of the truck operators who are appearing here constituting the directorate of the Associated Transport along with Mr. Seymour acted for the Transport Company. Well, as a result of those negotiations did there come a time when a contract was entered into between the Transport Company and the Associated Transport Company, the applicant here?

A. Yes, sir.

Q. And that contract was entered into some day subsequently to the entering into of contracts between Associated Transport and the various other companies?

A. You practically had your organization—that is, had everybody else in the contract. At the time Arrow signed up we made,
as I remember, the 9th one.

466 Q. I believe it was the 8th.

A. Was it the 8th? Well, whichever it was, we were the last one.

Q. And will you give us the reasons why that was not consummated at the same time?

A. Largely because we could not come to a meeting of the minds as to what the Arrow Carrier Corporation was worth.

Q. Were there certain specific requests that the representatives for the Associated Transport demanded that the Transport Company comply with respect to Arrow before they would enter into a contract?

A. There were requests, or you might say something in the nature of demands by the Associated Transport, Inc., that they abolish certain contracts, commitments that were involved in the contract; and on the other hand there was a certain feeling on the part of Transport Company that they were entitled to some special treatment owing to some conditions which we felt adhered to Arrow rather than to the other companies. The result was that the negotiations, or the dickering, you might almost say, went on and on and on, and it was finally settled the way things usually are, one fellow not getting as much as he would like to get, and the other fellow feels the same way, but they eventually have a meeting of the minds, and that is what occurred in this case.

Q. The final result was somewhat expedited, was it not, 467 by the fact that the deal was closed with the other companies and the petition about to be submitted to the Interstate Commerce Commission?

A. That hurried things. I think it hurried both sides.

Mr. WIPRUD. I think perhaps the witness should testify.

Mr. SULLIVAN. I suppose I am leading. I did not think it was that important.

By Mr. SULLIVAN:

Q. Well, anyway, Mr. Arnold, the contract, of course, is made a part of the exhibit here. Now, when you spoke of the question of some contracts, was that confined to one employment contract?

A. It came down to one employment contract.

Q. And that was a contract with respect to whom?

A. Mr. Hamilton. John Hamilton, I believe his name was, but I am subject to correction as to that.

Q. Will you tell us, please, what the situation was with respect to employment contracts of the Arrow Company?

A. In the original contract that was drawn up, by which the Transport Company was to purchase the Arrow Carrier, there were included in that contract employment contracts for four officers, Mr. Ackerman, Mr. Buckley, Mr. Whitehead, and Mr. Hamilton. I think that was all, to the best of my recollection.

Q. Well, do you know whether or not they were the operating officers?

468 A. At the time the original contract was made I understood that those were the operating men of Arrow Carrier Corporation.

Q. Now, then, what transpired with respect to the contract with Mr. Hamilton?

A. We undertook to have Mr. Hamilton forego the benefits that he would receive through that contract, and when first approached Mr. Hamilton, of course, declined to just simply surrender his rights to five years annuity for nothing, and someone of the Arrow organization—I do not recall which one it was—made the suggestion if they thought he would commute the contract at a reasonable figure, so that we finally got in touch with him, and the result of the various talks was that he decided to commute his contract for a payment of \$12,000, the \$12,000 to be paid out of the assets of the Arrow Carrier Corporation, and that was—the contract to do that was made with the Transport Company that they were bound by it, that they would pay Hamilton \$12,000. I just forget what the date was. It has not been paid yet.

Q. Well, that was contingent, was it not, upon the approval and consummation of this proposed transaction?

A. Yes—the \$12,000 for giving up that labor contract.

Q. And what was the result that was provided for with respect to any diminution of the preferred stock which Transport would receive?

A. The formula, as I refer to it, under which all of the 469 contracts were worked, called for them to receive in preferred stock 80 percent of the net worth, and obviously as Arrow Carrier Corporation would be reducing its net worth by \$12,000 by paying out that sum to Mr. Hamilton, the amount of preferred stock that the Transport Company was to get in exchange for its Arrow stock—preferred stock—was reduced by 80 percent of \$12,000, or \$9,600 par value of preferred stock of Associated Transport, Inc.

Q. Will you state the reason why the Associated Transport requested, or, as you put it, demanded that the Transport Company make some provision with respect to obtaining a release of Mr. Hamilton's contract?

A. My understanding is that Mr. Hamilton's health was not such as permitted him to be active in the trucking business any more and that the Associated Transport Company did not want to be burdened with any contracts with anybody except people who were going to be active in the management of the business.

Q. Well, then, you finally—you, speaking of you as the Transport Company—finally complied, according to the general formula, with the Associated Transport Company, and you complied with their request with respect to Mr. Hamilton. And was there another request that they made with respect to this 50 shares of preferred stock that you also complied with? In other words,

putting it another way, I will ask you the reason why your company made this additional purchase, as you put it, 470 of either 25 or 50 shares of preferred stock?

A. Well, you see, that goes back to the execution of the original contract with the Arrow Carrier Corporation. At that time there was something in the neighborhood of \$30,000 worth of preferred stock scattered in the hands of very small holders. Now, that stock was callable at 105, which meant that if it were redeemed, it would cost \$1,500 to redeem it, and after looking the situation over we decided that it would cost us more than \$1,500, and the expenses, and delay, and so forth, in running around and endeavoring to contact each one of those individual stockholders and purchase the stock; therefore we left the Arrow Carrier Corporation contract with a small amount—I think it was 31,000, something in that neighborhood—thousand dollars worth of preferred stock outstanding, with the expectation that it would be redeemed after the merger was completed and the rest of the stock was taken over, so that there would be no outstanding minority interest of Arrow Carrier Company after the merger had been completed; and, therefore, when the question came up of purchasing this block of stock it was obviously a thing that would have to be done anyhow, and so Transport Company just said, "Well, all right, we will buy."

Q. Well, they made the demand that you purchase 80 percent of the preferred stock and get approximately that amount in order to be in a position—

471 A. Yes; it was done that way. We found we could buy that block of stock, and we knew we would have to buy it anyhow, so we acceded to that demand.

Q. Now, then, Mr. Arnold, after the entering into of the contract between the Transport Company and the Associated Transport Company you were elected a director of the Associated Transport Company?

A. Yes.

Q. And you presently are such a director?

A. Yes, sir.

Q. Is it contemplated that when, as, and if this merger is approved, that you will continue to be such a director?

A. No; it is not so contemplated. In fact, it would be very unusual for me, or a person in my position, to continue as a member of the board.

Q. And do you know who it is that is planned would probably be put on the board?

A. Probably some operating man.

Q. From the Arrow Company?

A. Probably.

Q. Either Mr. Ackerman or Mr. Whitehead?

A. Either Mr. Ackerman or Mr. Whitehead or someone. As far as I know, it has not been definitely settled at all, but that is the ultimate expectation.

Q. In other words, your position on the board is simply
472 to give representation to the Transport Company pending the time when the Associated Transport Company could go into actual operations?

A. Yes, sir.

Q. I want to ask you this question, Mr. Arnold: Is there any agreement, direct or indirect, with your firm of Kuhn & Loeb whereby it is agreed or understood that if the Commission approves this issuance of \$1,500,000 worth of preferred stock that your firm is to have the underwriting—or the attempted disposition of that stock to the public?

A. None whatever.

Q. Has there been any bargaining or dealings with respect to attempting to reach such an agreement?

A. The question of the underwriting of the securities of Associated Transport Company has never been taken up with Kuhn, Loeb & Company in any manner whatsoever.

Q. Were these dealings between the Associated Transport and the Transport Company with respect to the acquisition—with respect to the making of this contract and the acquisition of certain accounting material, transcripts of testimony, engineering reports, and the like—were both of those dealings conducted at what might be described at arm's length?

A. That would be a mild way to express it.

Q. What can you say with respect to the intention or plans of the Transport Company to take up and fulfill their con-
473 tracts with the stockholders of Arrow Carrier Corporation when, as, and if this proposed unification or merger or acquisition of stock is approved by the Commission?

A. Unquestionably if the merger is approved it is the intention of the Transport Company to complete the Arrow transaction.

Q. Have the Transport Company made arrangements with Kuhn, Loeb & Company to supply themselves with funds for that purpose?

A. Probably so they have. It is, you might say, somewhat obvious. Here is a corporation which a hundred percent of the stock is owned by Kuhn, Loeb & Company. It is scarcely necessary for them to have drawn up any agreements to the effect. When the time comes Kuhn, Loeb & Company will loan them the relatively small amount of money involved in the merger.

Q. I did not mean that there was a formal agreement.

A. That is the understanding.

Mr. SULLIVAN. I think that is all the questions I have at this time.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. WIPRUD:

Q. Mr. Arnold, has the Transport Company any assets aside from its interest in Arrow Carrier Corporation?

A. It has the—or had—yes; it has now, or will have, the shares of Associated Transport, Inc., which it will receive
474 for the engineer's reports and other data that they have sold to Associated Transport, and there is a small cash balance, a few hundred dollars in the bank. Other than that, the only assets they have are the preferred stock of Arrow Carrier Corporation and the common stock of Arrow Carrier Corporation subject to an agreement to complete the purchase price.

Q. What was the consideration involved in the acquisition of Arrow Carrier Corporation by Transport Company?

A. \$1,007,000 if I remember correctly. I won't want to be held too accurately as to whether that was seven or six, or something of that kind.

Q. In round figures \$1,007,000?

A. \$1,007,000—eleven hundred and seven thousand dollars—one million one hundred and seven.

Q. And of that amount the Transport Company has paid \$107,000, in round figures, aside from this additional stock which you spoke of?

A. No; they have paid \$207,000.

Q. \$207,000.

A. They bought \$107,000 of the preferred stock, which constitutes the same thing, and they paid an actual hundred thousand dollars in cash.

Q. So the balance due in cash on the contract for the acquisition of Arrow Carrier Corporation is, in round figures, \$900,000?

475 A. In round figures, \$900,000.

Q. Now, that contract, which in effect constitutes an option to purchase, I imagine, has been extended, according to your testimony, to December 18, 1941?

A. Yes, sir.

Q. And if this unification is not approved, Kuhn, Loeb & Company, as sole stockholders of Transport Company, will have to pay the balance of \$900,000 or lose its investment of \$207,000?

A. Yes, sir.

Q. Mr. Arnold, assuming that this pending application is approved under the existing contract between the stockholders

of Arrow, of which Transport is one, and Associated Transport, what would be the amount of stock, preferred and common, which Transport would receive in that exchange?

A. I am not prepared to furnish that information with any accuracy, but I can probably, by consulting the contract, find the information.

Mr. SULLIVAN. Excuse me, sir. It would be, oh, within 10 percent. It is shown in your copy of the application, and the final figures will be in the record through Mr. Reicher, who will go on Monday.

Mr. WIPRUD: I see.

Exam. BAKER: You withdrew that question?

Mr. WIPRUD: I do, Mr. Examiner, in view of counsel's
476 statement.

By Mr. WIPRUD:

Q. Mr. Arnold, Kuhn, Loeb & Company is engaged in the distribution of transportation securities, is it not?

A. Yes, sir.

Q. It has in the past and still is engaged in that activity?

A. Yes, sir.

Q. Are there representatives of Kuhn, Loeb & Company on any other transportation company?

A. On their board?

Q. Yes.

Mr. SULLIVAN. Excuse me. I would like to know what counsel means by "other transportation company." The Associated Transport is not a transportation company nor is the Transport Company at the present time.

Exam. BAKER. Would you clarify your question.

By Mr. WIPRUD:

Q. Well, assuming that Associated Transport is a transport company—and I understand the testimony here is it would be in case this application is approved, and the unification completed—my question is whether or not Kuhn, Loeb & Company is represented on the board of directors of any other transportation company.

A. I can't claim a hundred percent accuracy for my reply to that question, but I will do the best I can. I think Kuhn,

477 Loeb & Company have a representative on the board of the Eastern Air Lines. I think Kuhn, Loeb & Company

have a representative on the board of directors of the Kansas City Southern Railway. I think they have a representative on

the board of the Missouri-Kansas-Texas, but I am not so confident of that. They also have a representative on the board of one of the subsidiaries of the Union Pacific System. I think it is the old Los Angeles and Salt Lake, which is a subsidiary of the Union Pacific, and I think there is a representative of Kuhn, Loeb & Company on that board. Now, that completes the list of transportation companies that I can recall on which Kuhn, Loeb & Company have a board member.

Q. Does your statement include holding companies also in the transportation field?

A. Yes.

Q. Has Kuhn, Loeb & Company any interest at all, by way financing or otherwise, in any carrier, rail, water, or motor, in the territory involved in this application?

A. Kuhn, Loeb & Company for years have been the bankers for the Pennsylvania Railroad and the Baltimore & Ohio Railroad, and these I think are the only ones that I know of that are really in the territory involved in this merger. There may be others, but I do not recall any.

Q. Mr. Arnold, in the, shall we call it, original application of Transport there was involved a company known as the Metropolitan Distributors, Inc., which, I believe the testimony is, has 50 percent owned by the Metropolitan Securities Holding Corporation. Has Kuhn, Loeb & Company any relationship, direct or indirect, to either of those companies?

A. None whatever.

Q. Or to any of the stockholders connected with those companies?

A. So far as I know, none.

Q. Is the same true of the Yellow Company, I believe it is?

A. Yellow?

Mr. SULLIVAN. Yellow Products, is that it?

Mr. WIPRUD. Yes.

A. No connection whatsoever, as far as I know. Now, I want to say here when I answer the questions positively that way, instead of negatively, that they are always qualified to the extent of my knowledge. I could always say I don't know, because it is quite possible something might come up, but I am trying to give you the benefit of my knowledge. So when I state that they have not, it means to the best of my knowledge and belief they have not. Should it turn up that I am accidentally wrong, why, I don't want to be accused of perjury.

Mr. WIPRUD. I appreciate that.

Mr. SULLIVAN. He is the right fellow to talk to about that.

479

By Mr. WIPRUD:

Q. Does your statement also include the Terminal System, the taxicab company with which Mr. Seymour is connected?

A. Yes.

Q. Has your company had any relationship, financial or otherwise, with the Phoenix Securities Corporation?

A. I don't think Kuhn, Loeb, & Company has ever had any direct relationship with the Phoenix Securities Corporation. We have occasionally discussed various things with them, or representatives of them, but to the best of my knowledge and belief, we have never had any financial interest, not even temporarily, in the Phoenix Securities Company.

Q. And no discussion in connection with this particular transaction?

A. I would not be too sure about that. At one time it seems to me Phoenix Securities Corporation was the owner of a fairly decent block of stock of one of the carrier companies in the transport merger, and it is quite possible that we may have discussed the purchase of that stock with them, although I do not recall it.

Mr. WIPRUD. That is all.

Mr. SULLIVAN. Excuse me. May I ask one question?

By your last answer you refer to the negotiations that were being conducted with respect to the old—

The WITNESS. Original old contracts, which were signed

480 in the early spring of 1940.

Exam. BAKER. Any further cross-examination?

By Mr. JOSELOFF:

Q. You have not had any conversations with Phoenix Securities, Mr. Arnold, or any member of Kuhn, Loeb, so far as you know, in regard to the present transaction, have you?

A. No, none whatever.

Mr. SULLIVAN. Excuse me. Would you repeat the question and answer to me.

(Last question and answer read.)

Mr. SULLIVAN. Oh, you had conversations with Kuhn, Loeb.

The WITNESS. I answered that question, as I can see now, misconstruing Mr. Joseloff's meaning. Now that the question is reread, I can see that I made a patently wrong statement. To clear the record, if you will ask the question over again I will try to answer it.

Mr. JOSELOFF. All right. I would like to withdraw the previous question, since its meaning is a little unclear on the record, and reframe the question.

By Mr. JOSELOFF:

Q. Have you or members of Kuhn, Loeb, to your knowledge, had any conversation with members of the Phoenix Securities Corporation with relation to the present transaction as set forth in the present application?

A. None whatever.

Exam. BAKER. Will applicant agree to furnish for this
481 record copies of the lease agreement in effect between the Transport Company and Arrow Carrier Corporation?

Mr. Sullivan. Well, before the close of the case, or as soon as it is possible to have them made, sometime within the next 5 or 6 days.

Exam. BAKER. If it is possible before the close of the case it would be preferable. If not, I will fix a date at the close of the hearing for any data that has not been received.

Mr. SULLIVAN. I am informed, Mr. Examiner, that a copy is already in the possession of the Interstate Commerce Commission, but we can furnish another if it is required.

Exam. BAKER. I realize it is, but it is in another docket, and I think it would be preferable to furnish it for this record. Not only copy of the lease agreement, but also copy of the agreement between the Transport Company and the stockholders of Arrow Carrier Corporation, as well as amendments to that agreement.

Mr. SULLIVAN. And does that—well, of course, it would entail and include the original contracts in conjunction with the old transport deal, which contracts were made last May. Of course, a copy of that is presently in your possession, a printed copy, as part of MC-F 1223, but I think we can find another. It is somewhat—

482 Exam. BAKER. I think it would be better to keep them together.

Mr. SULLIVAN. All right.

By Exam. BAKER:

Q. Mr. Arnold, who has the legal title to the common stock of Arrow Carrier Corporation at this time?

A. Mr. John Ackerman.

Q. Reference has been made to a transaction whereby the Transport Company sold to Associated Transport, Inc., certain data collected in connection with the previous proceedings before this Commission, and 9,000 shares of the common stock of Associated Transport, Inc. When was an agreement respecting those 9,000 shares made?

A. I do not remember exactly, but it was almost a matter of hours before the contracts were finally signed.

Q. Were the two contracts, that is, the one respecting the 9,000 shares of stock and the one for the exchange of stock with Associated Transport, Inc., entered into concurrently?

A. Unquestionably they were dependent one upon the other. In other words, they would not have entered into the major contract unless they entered into the minor contract, that being part of the same deal.

Q. You referred to an effort made to commute the contract, the employment agreement, with John Hamilton. Were any efforts made with respect to the employment agreements with the other three gentlemen whom you mentioned, Messrs. Ackerman, Buckley, and Whitehead?

483 **A.** Not to my knowledge.

Q. As I understand, those three contracts were to become effective when the Transport Company took title to the stock of the Arrow Carrier Corporation. Is that correct?

A. Yes, sir.

Q. So the contracts are not effective as yet?

A. Not as yet.

Exam. BAKER. I might direct this question to counsel. Mr. Arnold referred to the fact that the payment to Mr. Hamilton of \$12,000 would result in a reduction in the amount of preferred stock of Associated Transport Company which the Transport Company would receive. Isn't it true that under the contract the amount of preferred stock deliverable is based on net worth as of April 30, 1941?

Mr. SULLIVAN. I think a provision was made for that.

The WITNESS. Yes. Mr. Ackerman answered that. A provision was made specifically that, whereas this is the balance sheet as of March—April 30, 1941, that the settlement shall be made upon this balance sheet after deducting \$12,000 to amortize or to commute the Hamilton contract.

Mr. SULLIVAN. The balance sheet as it will be submitted here will already have the reduction in, and even if they did not go through with Hamilton it would not make any difference.

Exam. BAKER. Of course, the payment of \$12,000 has not
484 been made, so the balance sheet will not reflect that.

Mr. SULLIVAN. Well, for the purpose of working out the stock it is going to be deducted to that extent.

Exam. BAKER. Well, do I understand from Mr. Arnold that an agreement was reached specifically on that subject that \$12,000 would be deducted?

The WITNESS. Yes.

Exam. BAKER. Was a written agreement entered into respecting that?

The WITNESS. I do not recall that it was a written agreement beyond the fact that in the schedule it was specified as part of the balance sheet. I do not remember whether there was a clause in the contract covering it or not.

Mr. SULLIVAN. There might be a clause. Mr. Cochran is now looking for it. There might be a letter that was written afterwards, or an understanding. We will have to check that.

Exam. BAKER. If there is a written agreement in the form of a letter or otherwise on the subject, will copies of that be furnished?

Mr. SULLIVAN. It will be furnished if there is such a letter. I think we took Mr. Adkins' word as a gentleman's agreement. He is attorney for Kuhn Loeb.

The WITNESS. Whatever recollection I have is on the balance sheet we discussed with the accountant the advisability of putting a footnote on the balance sheet to the effect that
485 either this balance sheet did reflect an additional \$12,000 deduction or there would be a separate deduction from it. I do not know which way they finally decided to do it.

Mr. SULLIVAN. Just one.

By Mr. SULLIVAN:

Q. Was the reason, Mr. Arnold, why you would not close the deal with respect to the accounting data until you closed the deal with respect to Arrow Corporation—was the reason for that, as expressed by yourselves, that you felt that this accounting data was valuable to you people?

Mr. WIPRUD. If the Examiner please, I object to testifying by counsel.

Exam. BAKER. Would the Reporter read that question, or statement, whatever it was.

(Question read.)

Exam. BAKER. I think the question is objectionable.

Mr. SULLIVAN. All right.

Exam. BAKER. Witness excused.

That is all, Mr. Arnold.

The WITNESS. Thank you.

(Witness excused.)

Exam. BAKER. We will take a recess for 15 minutes.

(Whereupon a recess was taken.)

Exam. BAKER. Are you ready, Mr. Sullivan?

Mr. SULLIVAN. Yes.

Exam. BAKER. Let us resume, gentlemen.

JOHN E. ACKERMAN, being first duly sworn, testified as follows:

The WITNESS, John E. Ackerman.

Direct examination by Mr. SULLIVAN:

Q. Will you state your residence, Mr. Ackerman?

A. 208 Passaic Avenue, Passaic, New Jersey.

Q. And you are connected with what company?

A. Arrow Carrier Corporation.

Q. In what capacity?

A. President and treasurer.

Q. And are you a stockholder of that company—or let us put it this way:

Prior to last May you owned a certain amount of stock in that company?

A. Yes, sir.

Q. And how much stock did you own? What percentage? Do you happen to know? Roughly.

A. I have the details here, if you want me—as of last——

Q. As of the time of your entering into the contract referred to by the last witness, Mr. Arnold.

A. 400 shares of preferred and 398 shares of common.

Q. Now, will you tell us the total amount of preferred and common that were outstanding as of that date?

487 A. 1976½ shares of common and 1380 shares of preferred.

Q. Have there been any changes in the charter of the Arrow Carrier Corporation since the hearing of last summer in the transport deal, Docket Nos. MC-F 1223 and certain other numbers? Have there been any changes since then?

A. No, sir.

Q. You have been connected with the Arrow Carrier Corporation for a great many years?

A. Since 1920.

Q. And you are one of the founders of that company?

A. Yes, sir.

Q. Prior to that time what was your business, Mr. Ackerman?

A. I was connected in minor capacities with J. P. Morgan & Company, Hallgarten & Company, bankers, and James B. Duke, tobacco king.

Q. So you went from the banking business into the trucking business——

A. Yes.

Q. And ended up by putting the truck business back in the banking business.

A. Uh-huh.

Q. Well, now, will you tell us the history of the Arrow Carrier Corporation, how it started, its growth and development, in your own words?

A. The Arrow Carrier Corporation was incorporated in 488 March, 1920. My brother-in-law, Mr. James Buckley, and myself were the original owners of the company. Later on we took in Mr. Hamilton and Mr. Whitehead as partners.

We started operating—

Q. When you say "as partners" you mean they became stockholders in the company?

A. Stockholders.

We started operations between the metropolitan area and Allentown, Pennsylvania, and the vicinity of Allentown, hauling mostly silk.

The business grew rapidly, and in 1923 we expanded to the Scranton-Wilkes-Barre area.

In 1925 we went a little further on through Hazelton, Sunbury, Shamokin, and later on further extended our operations into the Williamsport territory.

In 1938 by acquisition of Raleigh Motor Express we acquired additional rights and business in Harrisburg area, Trenton area, and Binghamton area, together with other valuable intrastate rights within the State of Pennsylvania.

Q. Mr. Ackerman, was the growth of this company accomplished out of the earnings of the company other than such original capital as you and your brother-in-law, Mr. Buckley, were able to put in, and your other two associates perhaps advanced when they became associated with you?

A. There were some minor additions of capital on the 489 part of the original stockholders after the first few years, and in 1937 we, the same four gentlemen that I mentioned before, added \$107,000 in capital.

Q. When you say "the same four gentlemen" you mean yourself and the other three that you mentioned?

A. Yes.

Q. Well, then, are your operations at the present time substantially shown in the map, Exhibit C-5, attached to the application, and shown in the map on the easel over there, which is an enlargement in colors of the same map?

A. Yes; they are.

Q. What is the nature of your business now? What sort of commodities do you handle?

A. We have handled general commodities since 1925.

Q. Prior to that, as you have testified, it was principally interested in silk?

A. In silk.

Q. And has the business grown during this period in volume?

A. Yes; it has grown substantially.

Q. Can you tell us approximately what the volume is either for the 12 months of last year or for the first 6 months of 1941, whichever you have?

A. We had a million and a half gross in 1940.

Exam. BAKER. Is that pounds?

The WITNESS. No; dollars.

490 And we will reach about \$1,900,000 or \$2,000,000 this year.

By Mr. SULLIVAN:

Q. Has the company been profitably in operation substantially from its inception?

A. Yes, sir.

Q. Do you happen to be able to tell us what your earnings for the first six months of this year were?

A. Yes, sir; \$97,000 net before taxes.

Q. Have you yet received your certificate from the Interstate Commerce Commission with respect to your interstate operating rights?

A. Yes, sir; about two years ago.

Q. And you spoke of some intrastate rights that you have. What state are those in?

A. Pennsylvania.

Q. And are they extensive?

A. Very extensive.

Q. Are intrastate rights in Pennsylvania—what have you to say as to the value of intrastate rights in Pennsylvania?

A. Insofar as our own intrastate rights are concerned they are exceedingly valuable because they duplicate in Pennsylvania the same routes that we have interstate rights from outside the state; therefore it makes a very practical and profitable operation for us.

Q. What can you say as to the ease or difficulty of obtaining intrastate rights in the State of Pennsylvania?

A. It is very difficult to get additional rights.

Q. Can you tell us—excuse me.

A. We were about four and a half to five years getting the last amendment to our certificate, which gave us rights to interchange between practically all points on our interstate rights.

Q. Are these rights capitalized on your balance sheet?

A. At less than cost of acquisition; that is, legal fees, et cetera.

Q. That is, you set nothing up for that as value other than the money you actually paid for legal fees?

A. That is right; and that has been amortized.

Q. And you have amortized that as you go along.

A. That is right.

Q. About what percentage of your business is intrastate?

A. I would say about twelve and a half percent.

Q. And the balance would be interstate business?

A. That is correct.

Q. What could you say with respect to your operation—in what territory most of your business arises or to what territory most of it moves?

A. Well, the greatest density of traffic naturally is in the metropolitan area. Our second heavy industrial section is the territory in and around Allentown, Pennsylvania.

492 **Exam. BAKER.** You mean the metropolitan area of New York City?

The **WITNESS.** New York.

By **Mr. SULLIVAN:**

Q. Now, you have terminals that you use in conjunction with your operations?

A. Yes. We have about 19 terminals.

Q. I wonder if you would read into the record the locations of those terminals.

A. Paterson, New Jersey; New York; Newark, New Jersey; Binghamton, New York; Trenton, New Jersey; Stroudsburg, Stranton, Forty Fort—

Q. Excuse me. Before you move on, would you tell us whereabouts in Pennsylvania Forty Fort is?

A. It is sort of a suburb of Wilkes-Barre.

Q. It is what would otherwise be a separate municipality, or what might be described as your Wilkes-Barre terminal?

A. Wilkes-Barre.

Q. All right. Go ahead.

A. Forty Fort, Hazleton, Sunbury, Shamokin, Williamsport, Schuylkill Haven, Reading, Lebanon, Allentown, Danville, all of Pennsylvania, and Phillipsburg, New Jersey.

Q. Simply to make it a part of the record, your company has a net worth of about how much? I do not care exactly.

A. Book value or trade?

Q. Yes—no; net worth without appraisal. What do you
493 carry it on your books at?

A. \$908,009.70.

Q. Thank you. Do you own certain of your terminals?

A. Yes.

Q. And which ones do you own?

A. We own the Paterson terminal, the Allentown terminal, and the Danville terminal.

Q. And are they free or substantially free of encumbrances?

A. All free.

Q. Do you interchange with other motor carriers?

A. Yes.

Q. And about how many other motor carriers do you interchange with?

A. I would say about 10 or 12.

Q. And has that number remained reasonably constant over the past few years?

A. Yes.

Q. Of the 12 or 10 motor carriers with whom you have interchange arrangements, how many are members of this proposed merger?

A. By name?

Q. Yes; and give the name.

A. Barnwell, Horton—that is all.

Q. If this merger were approved, would you expect to
494 continue interchanging with those carriers who are not a part of it?

A. Yes.

Q. Do you direct the shipper's routing?

A. Yes, sir.

Q. Would you expect to continue to do so?

A. Yes, sir.

Q. What can you say as to whether or not to attempt not to do so would be good or bad business policy in the trucking business?

A. Well, I think it would be very bad policy.

Q. Well, put it this way: If a shipper gives you a routing, you can't do anything else except comply.

A. That is right. If you do not comply and something happens, you are responsible.

Q. And what happens when he finds out?

A. You may possibly lose his business.

Q. What particular phases of your business are you mostly concerned with, come more directly to your attention?

A. The executive end and operating.

Q. Would you describe for us a little more particularly the duties you perform with respect to the Arrow Carrier Company's business?

A. That is a pretty big order.

Q. Well, I appreciate that, but you can scale it down.

A. Well, I have several subordinates who report to me
495 with regard to all traffic matters; operating; and personnel, and we discuss those matters thoroughly, and decide on matters of policy with them. I handle all the finances and the larger truck purchases—larger purchases such as trucks and

tires, gasoline contracts, and a million and one odds and ends that develop in the business from day to day.

Exam. BAKER. Will you raise your voice a little, please.

The WITNESS. All right, sir.

By Mr. SULLIVAN:

Q. Do you concern yourself directly with the operations of the company? By that I mean the physical operations.

A. Not daily.

Q. No, but I mean from time to time.

A. Yes, regularly, every couple of days I get these reports from my subordinates and we discuss them.

Q. And you have continued to do that for a great many years?

A. Yes, sir.

Q. You have some contact with the shipping public?

A. Very little with the customers.

Q. Well, are you acquainted with many of your customers?

A. I am acquainted with quite a few of the larger ones.

Q. And to that extent you have contacts with, you may say, your larger customers?

A. That is right.

Q. Do you entertain them from time to time—some of them?

496 A. Yes.

Q. Do you also generally supervise the sales and tariff departments?

A. No. Mr. Whitehead supervises the sales, and Mr. O'Connor, our traffic manager, takes care of the other matter.

Q. But they in turn take those matters up with you, and policies with respect thereto, and you act on them?

A. Yes, sir.

Q. Now, you spoke a moment ago of your brother-in-law, Mr. Buckley, who was one of the founders of the company in 1920. What part of the business does Mr. Buckley attend to?

A. Mr. Buckley is in charge of the operations of the Allentown, Pennsylvania, terminal, both day and night operations. That is a very large terminal, second to Paterson.

Q. And in conjunction with his Allentown operations do his duties or authorities extend to the territory in that vicinity?

A. No, he has nothing to do with that, except operations in and out of Allentown.

Q. He resides in Allentown?

A. That is right.

Q. We have referred here to a Mr. Hamilton. He was with the company a great many years in an active capacity?

A. Yes, sir.

Q. And recently has he been unable to continue in such active capacity?

497 A. That is right.

Q. At least for some considerable periods of time during the last year he has been confined to his home or hospital or the like?

A. That is right.

Q. You spoke of the purchases of trucks and so forth that you concern yourself with, as well as other phases of the operation. Are there some special policies with respect to the purchase, building, maintenance, operation of equipment Arrow Carrier has that may be of interest to us? Will you tell us about them?

A. Well, since 1930 we have confined ourselves exclusively in building of bodies to aluminum bodies. Since about 1935 or '36 all our trailers have been chassisless trailers. We wanted to get the weight down so we could get greater carrying capacity. With few exceptions, all of our cabs on this equipment are bullet-proof. Bullet-proof steel is used, and also bullet-proof glass. The commodities we handle have been very valuable, and we want to keep away from the holdup hazard.

Q. Does the result of using this bullet-proof steel and bullet-proof glass have some effect on safety with respect to the operators of these vehicles?

A. Yes. In the event there was a crash with one of the trucks, or overturning, why, many times that substantially built cab has been responsible for either saving them from getting killed or minimizing injuries.

498 Q. You are speaking now as a result of your experience, are you?

A. Yes.

Q. Since you have been building or causing to have built for you these frameless aluminum bodies, what can you tell us as to the reduction in weight that you have been able to accomplish in these bodies?

A. We have allowed the inside dimensions of the body to remain the same and had reduced the weight from about 8,500 pounds on these semi-trailers to 5,700 pounds. That has been a gradual transition.

Q. And as you acquired new equipment you have been able to do that?

A. Yes.

Q. And was that the result of some special cooperation between yourself and certain body builders and suppliers and the like?

A. That is right.

Q. You have some special policy with respect to maintenance of your equipment, saving parts, rebuilding, and the like?

A. Well, it is not exactly a special policy; it is what we think is the most economical thing to do. The trade-in value of old equipment is very small, and when one of these old vehicles have a smash, instead of repairing them we take them apart and salvage the useful articles. In that way we get much more value out of them than trade-in.

499 Q. I observe in looking at certain exhibits connected with the Arrow Carrier Corporation that the size of the tractor, for example, seems somewhat in excess to that used by many other lines.

MR. WIPKED. Again we seem to have testimony by counsel.

MR. SULLIVAN. I was going to ask a question.

MR. WIPKED. Oh, I beg your pardon.

MR. SULLIVAN. I was going to ask him to give any explanation on the policy they follow with respect to that equipment.

EXAM. BAKER. Go ahead and complete the question.

By MR. SULLIVAN:

Q. I observe in looking at certain exhibits with respect to the Arrow Company that the size and weight of the tractors seem to indicate to have rather larger tractors. Is that a result of a certain line of thought on the part of the management of the Arrow Company?

A. Yes. We have quite a mountainous area to travel, and it makes the greatest safety on the road in that the power units of proper size can negotiate the hills better than underpowered vehicles. Also it keeps the operation going at a better rate of speed. In other words, some of our runs, the men would hardly be able to complete their run in the required time unless they had a properly powered vehicle, as compared with some of these lighter units that are used.

Q. Well, roughly, what percentage of your equipment is of that type that you have just described?

500 A. All of our equipment.

Q. What can you say as to whether or not the use of such equipment is the general policy of the other carriers in that territory?

A. Well, there seems to be a variety of opinion. I believe most of them feel the same way today.

Q. Coming over to your way of thinking.

Well, what can you say with respect to the value or nonvalue of your studies in conjunction with such a matter to other members of this proposed group?

A. Well, I think the other members of the group have had their own experiences along that line and they probably would know

from their experiences just as well as I do what is fitted for their runs.

Q. Have you gathered together or caused to be gathered together under your supervision the names of certain of the carriers operating in your territory and some figures with respect to their revenue during the past year?

A. Yes.

Q. And have you those figures with you?

A. Yes, sir.

Q. I wonder if you would read them into the record, please.

A. These are directly competitive—is that what you mean?

Q. Yes; those who are operating in your territory there.

A. We have—

501 Mr. WIPRUD. Just a moment, Mr. Examiner. May I inquire what the witness is reading from?

Exam. BAKER. You may answer that.

The WITNESS. This happens to be a copy of our exhibit in the last hearing.

Mr. WIPRUD. Well, that is not in evidence in this hearing.

The WITNESS. We have not offered it in evidence.

Mr. WIPRUD. Before the testimony goes in as evidence, I presume we should know how these figures were compiled.

Exam. BAKER. He may, of course, refresh his recollection. You should state that the testimony presumable will be of your own personal knowledge. If you do not yourself know that these competitors operate, of course, your testimony should not be to that effect.

The WITNESS. This is of my own personal knowledge.

Exam. BAKER. You may proceed.

Mr. WIPRUD. May I make a further inquiry, Mr. Examiner? Are these figures of other companies than his own?

The WITNESS. Is the question directed to me, Mr. Examiner?

Exam. BAKER. You may answer.

The WITNESS. These are other companies directly competitive to us in our territory.

Mr. WIPRUD. Well, then, I want to make an objection to giving any figures on competitive companies unless he discloses the source of those figures.

502 Mr. SULLIVAN. I thought he did.

The WITNESS. These figures were taken from the Interstate Commerce Commission's records, the semiannual and annual reports of these companies to the Commission.

Exam. BAKER. Do you still have an objection, Mr. Wiprud?

Mr. WIPRUD. No; I withdraw the objection, if they are taken from the official records.

Exam. BAKER. The annual reports with respect to companies, as I understood, in possession of the Commission. Is that correct?

The Witness. That is correct.

Exam. BAKER. You may proceed.

The Witness. Bingham Motor Express, Reading, Pa. Revenue is unknown. I believe they are just under the size of a Class 1 carrier. Daley's Blue Line Transfer, Wilkes-Barre, Pa. Do you wish the 1940?

By Mr. SULLIVAN:

Q. Just give us the 1940.

A. \$145,169. Eastern Carrier Corporation, Dunmore, Pa., \$235,813. Friedman's Express, Inc., Wilkes-Barre, Pa., \$235,813. Garford Trucking Company, South River, N. J., \$360,610. H. L. Goble & Company, Inc., Great Meadows, N. J., \$164,113. Horlacher Delivery Service, Philadelphia, Pa., \$1,060,398. Interstate Magazine Hauling Corporation, New York, N. Y., 503 \$185,883. Jones Motor Company, Spring City, Pa., \$182,580. Wm. McCullough Transportation Co., Inc., East Rutherford, N. J. That is not available. They have not filed a report. Their 1939 gross was \$365,589. Modern Transfer Company, Allentown, Pa., \$277,411. Motor Freight Express, Inc., York, Pa., \$798,452. New York & Pennsylvania Motor Express, Reading, Pennsylvania, \$166,291. Preston Trucking Company, Baltimore, Md., \$442,328. Richards Motor Freight Lines, Scranton, Pa., \$1,092,800. Rodgers Motor Lines, Inc., Scranton, Pa., \$161,083. Speedway Carriers, Pottsville, Pa., information not available; apparently just under a Class 1 carrier. I have some others here that we have got the information on.

Q. I think you showed me some others at the bottom of your list that you had the information on. Would you give us those?

A. That is right. Branch Motor Express, Allentown, \$781,592. York Motor Express, York, Pa., \$1,301,361.

Q. Did you have some others which you did not assemble the figures on?

A. Yes, sir. I have Crown Motor Express, of Paterson, 504 N. J.; Condin's Express, of Paterson, N. J.; Hall Motor Transit Company, Senbury, Pa.; and the New Pennsylvania Motor Express, of Lebanon, Pa.; Boushell Carrier, of Stroudsburg; and Fowler & Williams, of Scranton; and the Perkiomen Transfer, of Perkasio.

Q. What can you say as to whether those, to your knowledge, are Class 1 carriers—that group?

A. I believe they all are, except Boushell Carrier.

Q. What can you say as to whether the carriers in the list you read are common carriers of general commodities or not?

A. With the exception of Crown Motor Express, who, I believe, has a restricted certificate, they are all general commodities—carriers of general commodities.

Q. Is the Arrow Carrier Corporation in direct competition with any of the other carriers in this proposed merger; and, if so, between what points?

A. I do not believe we are in direct competition with any of them at any points.

Q. Put it another way: If you are in competition, you have not heard about it, is that it?

A. That's it.

Q. Have you heard the testimony of some of the witnesses, such as Mr. Arbour and Mr. McCanthy, here today?

A. (Witness nodded.)

Q. And you heard their testimony with respect to the advantages to the shipping public, general public, that might be effectuated by this proposed unification?

505

A. (Witness nodded.)

Exam. BAKER. Speak up so the Reporter can hear you.

The WITNESS. Yes, sir.

By MR. SULLIVAN:

Q. Well, do you agree or disagree with their testimony?

A. I agree with the testimony that I heard.

Q. And have you anything to add to it?

A. No. I could only perhaps put it in a different way, different words, that is all.

Q. Suppose you give us some of the advantages you feel would accrue to the shipping public or the general public as a result of the things that are proposed here?

A. Well, I believe that it would be—the most advantageous thing about the merger from the shipper standpoint would be the fact that he would have one carrier serving him to a very—in a very wide distribution of his products. That would eliminate most of the congestion in some cases all of it, at his shipping and receiving rooms. It would simplify his accounting to the extent of paying his bills and checking his bills—have one central operating trucking company. It will save a great deal of time on the part of his traffic manager in interviewing all the solicitors of the various companies. In the matter of claims for damages, it

506 would simplify matters for the shipper. And there would also be an avoidance of overshorts and damages through central control. I think those are the main advantages to the shipper.

Q. Incidentally, this business of overshoot and damage claims and claims of other nature are rather extensive in the motor business, are they not?

A. Yes; it happens frequently. It is a daily occurrence.

Q. That requires maintenance of a staff for the purpose of handling claims?

A. That is right.

Q. Now, move along from there. Do you have a wire service in any way throughout your system between your terminals, or do you rely on the regular telephone service?

A. We rely on the regular telephone service, except between Paterson and New York we have a direct line.

Q. It would be more convenient to have possibly more extensive direct wire service, would it not?

A. We have weighed it, but our operation is fanned out so largely in the matter of territory that it is more economical for us this way than it would be to install the wire system.

Q. Well, but if there were other companies grouped along with yours under such merger as is proposed here, the extension of wire service throughout your territory would then be feasible?

A. If there were a large increase in volume in certain points it would be feasible.

507 Q. I had in mind the fact that Horton and Barnwell have terminals at certain points throughout your territory.

A. That is right.

Q. And someone else. Moran have a terminal at Binghamton.

A. At Binghamton.

Q. In hooking up those terminals by a system of wires it would be possible to cut your terminals in on that system, certain of your terminals?

A. Yes.

Q. So to that extent at least you would enjoy the benefit of direct wire service that you presently do not have.

A. Where it would be feasible to put it in it would be very helpful.

Q. Well, from your viewpoint alone or from the viewpoint of the public, or both?

A. Well, principally from our standpoint in checking freight, these overshoots and damages, and which in turn, of course, would be to the advantage of the shipper, finding out promptly what happened to his freight.

Q. Have you anything else you would like to tell us that you think we should hear with respect to the matters of interest here from the point of view of Arrow Carrier, realizing you are not one of the sellers here or the direct joiners of the merger, because

you have no stock involved? Have you anything else to suggest that I have forgotten to ask you?

508 A: No.

Mr. SULLIVAN. I think that is all the questions I have.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. WIERUD:

Q. Mr. Ackerman, the list of independent carriers that you read a moment ago into the record, does that represent substantially all of the competition that will be left in this territory in which you now operate?

A. All of the larger ones; yes.

Q. And of that number how many are Class 1 carriers?

A. Well, I specified when I testified those that were not Class 1. I believe there were three or four.

Q. My computation shows here that the gross business by these companies in the year 1940 is approximately \$6,080,000. Assuming that figure to be correct—and it is merely a matter of computation—will not the business of the unified lines in this territory far exceed that of all of the so-called competition combined?

A. No; I would not say so.

Q. If you will refer to Exhibit B-6, Form B. M. C. 45 of the application in Docket 1612, it appears that the revenue of Horton Motor Lines for the 12-month period ended December 31, 1940, was \$4,250,000, and of Barnwell Brothers, Inc., \$2,066,000, and of Arrow, \$1,468,000. And those figures taken from your exhibit are correct, I assume.

509 A. I don't happen—I mean it is not my exhibit.

Q. Well, this is an exhibit of the applicant company.

A. I am not part of the applicant.

Q. Well, you are one of the companies that joined in this unification.

Mr. SULLIVAN. Not he himself.

The WITNESS. The Transport Company.

By Mr. WIERUD:

Q. Well, assuming those figures are correct, that would be a sum in excess of the combined business of the independent companies that you have enumerated.

A. Well, the combined. That is outside of the territory.

Q. You are referring to—

A. The income which Horton—which you quote for Horton and Barnwell is not derived from this territory that I am in.

Q. Well, neither is that of the independent companies.

A. Yes; it is.

Q. Not wholly.

A. Almost entirely.

Q. Well, not entirely.

A. I would qualify it by saying 95 percent of it.

Q. Do you know how much of the business of the combined or unified companies would be represented from operations in this territory?

A. I would not know that, but I do know in proportion to the total income that it is a small part of it.

510 Q. You do not know what part?

A. No, sir.

Q. There will be other witnesses to testify to that?

A. There will be one here who can tell you.

Q. What carriers involved in this unification parallel the lines of Arrow?

A. None of them.

Exam. BAKER. Did you understand his question, Mr. Ackerman?

The WITNESS. Well, if he means in part touches a small part of our area, I will say yes.

Exam. BAKER. I think that is what he means. Isn't it, Mr. Wiprud?

The WITNESS. I thought—

Mr. WIPRUD. Well, yes; that is what I mean. I will ask the question another way.

By Mr. WIPRUD:

Q. The lines of what other carriers in this unification—what lines of other carriers in this unification are competitive with Arrow?

A. None.

Q. Well, will you explain your answer in view of the information shown on the exhibit?

A. I have not seen the exhibit.

Mr. SULLIVAN. He is looking at a map.

The WITNESS. There are no lines in the unification that
511 are competitive to Arrow.

Mr. WIPRUD. Well—

The WITNESS. Some of their routes may parallel, but the business is not competitive.

By Mr. WIPRUD:

Q. Well, will you explain your answer?

A. There is no business which anyone in the unification does that originates in our territory and is destined to points in our territory. The business which they do in our territory would come from outside of the territory, or will be consigned from that territory where we operate to points where we do not serve. In other words, there is no competitive trade there.

Q. Now, take the operation between Sunbury and Scranton. Arrow Carrier Corporation operates between those two points, does it not?

A. Yes, sir.

Q. So does the Horton Line.

A. I will have to qualify that.

Q. What is your answer?

A. I would say no.

Q. Well, they operate between those two points.

A. No. They operate over that route; they do not operate between those two points.

Q. They do not serve those points?

A. They serve them, but they do not serve between them.

Q. Is there restriction?

512 A. They have no intrastate rights in the state.

Q. How about Moran Transportation Line?

A. No, sir.

Q. No. I mean Barnwell Brothers. Excuse me. They operate between those two points, do they not?

A. No, sir. They operate over those routes, but the freight which they pick up or deliver originates outside of this territory that Arrow serves or is destined to points outside of the territory.

Q. Do I understand that neither Barnwell Brothers nor Horton have intrastate rights?

A. No, sir.

Q. In the State of Pennsylvania.

Is that true of the other states in which they parallel your lines?

A. There are no intrastate rights—no intrastate authority required in New Jersey. But I don't know that they handle—either Barnwell or Horton handle any intrastate shipments within the State of New Jersey.

Q. How about the State of New York?

A. I would not know that they did there.

Mr. SULLIVAN. Neither Horton nor Barnwell run into the State of New York, except New York City.

By Mr. WIPRUD:

513 Q. Is it your testimony, then, that insofar as operating rights are concerned, none of these lines, that is, Barnwell and Horton, have intrastate rights over any of the routes that parallel your lines?

A. That is right.

Q. So, insofar as Arrow Carrier Corporation is concerned, its chief value to this unification is its intrastate rights?

A. No; I would not say that. I would not confine it to that.

Q. Well, what else would it contribute to this unification?

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A. Well, if you take the Pennsylvania territory, and the territory in New York State from Binghamton north, there is no direct connecting lines through that whole territory which serve it, and through this unification it would be possible.

Q. Will you illustrate that, Mr. Ackerman?

A. Let us say shipments originating in Rochester, Syracuse. They have to take them to New York City before they can ship them to eastern Pennsylvania. This way, with the unification, we can take them from Binghamton, Arrow, to distribution points, and vice versa.

Q. Well, wouldn't such a movement today move via the Moran Line?

A. Moran does not deliver in the territory that we serve in Pennsylvania.

Q. Is it a question, then, of interchange between Moran and yourself?

A. We do not interchange.

514 Q. You do not interchange? Any other illustrations?

A. No. I think that covers the illustration—I mean that illustrations covers it. You can mention any number of points in the northern New York area.

Exam. BAKER. Mr. Ackerman, will you face the Reporter, please.

By Mr. WIPRUD:

Q. Is it your statement that Horton has no intrastate rights in Pennsylvania?

A. To the best of my knowledge, he has not.

Q. How many vehicles does the Arrow Carrier Corporation have, approximately?

A. We have 86 trucks, 100 tractors, and 97 semitrailers.

Q. You heard the testimony of some of the other witnesses as to the advantages which they claim will accrue by reason of this unification?

A. I heard Mr. Arbour and Mr. McCarthy—part of it.

Q. Did you hear the estimates of possible savings that will be effected?

A. No; I did not.

Q. Do you agree that there will be any savings?

A. Yes; I do.

Q. Have you any opinion as to the amount of savings that might accrue?

A. I have.

Q. Do you care to state it for the record?

515 A. I believe that a great many economies will result. The matter of insurance alone will be a very large item, and by self insurance I think at least 25 percent of the insurance

bill would be saved. All large purchases of equipment, such as tire contracts, gasoline contracts, trucks, truck purchases, et cetera, could be much more advantageously made with the buying power that the unified line would have. There would be an avoidance of, in some cases, duplicate pick-up and delivery trucks. There would be some elimination of duplicate terminal facilities.

Q. Then, in your opinion, there would be a reduction in the cost of operating the unified lines as against the cost of operating the lines of the independent?

A. Yes, sir.

Q. And is it proposed to reflect the savings to the public by way of reduced transportation costs?

Exam. BAKER. Mr. Wiprud, I do not believe Mr. Ackerman is qualified to answer that. He is not a representative of applicant himself.

Mr. WIPRUD. I wonder if Mr. Ackerman would care to express an opinion as to whether or not it would be reflected in the reduction of transportation costs.

The WITNESS. I believe that it would be reflected in stabilization of rates. I believe that—

By Mr. WIPRUD:

Q. Stabilization upward or down?

516 **A.** Stabilization at the present point. It would certainly make it possible—possibly would make it possible to maintain the present rates in view of rising costs for a longer period than they could be maintained with the companies operating individually.

Q. Just one more—are you through?

A. Yes.

Q. Just one more question, Mr. Ackerman. Has Arrow enjoyed the increase in business that has been testified to by these other companies for the past several years?

A. Well, I did not hear the figures that were testified to, but I can say that our business has increased by 150 percent since 1937, I believe.

Q. According to the exhibit that I have in my hand, the net profit of Arrow Corporation, before taxes for the year 1939, was \$147,134.77, and the following year, 1940, it dropped to \$92,564.17. That was the year, I believe, that the Transport Company entered into a contract with Arrow.

A. Yes.

Q. Can you explain that reduction?

A. Offhand, I can't.

Q. During that period, that is, 1940, to the period ended April 30, 1941, were any bonuses paid by your company?

A. No bonuses of any nature.

517 Q. According to Exhibit I attached to your agreement, or agreement between Transport Company and Associated Transport involving Arrow, there appears some nonrecurring items, one of which is in the amount of \$11,000 to John E. Ackerman. Will you state what that is?

Mr. SULLIVAN. Just a minute. The exhibit you are showing him is an exhibit from your copy of the application, Mr. Wiprud.

Mr. WIPRUD. Yes; it is.

Mr. SULLIVAN. Exhibit I.

Mr. WIPRUD. Exhibit I.

Mr. SULLIVAN. That Exhibit I, however—the exhibit number is the exhibit number of the contract and not the exhibit number of the application, is it not, Mr. Wiprud?

Mr. WIPRUD. Well, Exhibit I follows a summary of the contract between Transport and Associated for the acquisition of Arrow.

Mr. SULLIVAN. May I put this on the record: It is Exhibit I of the Arrow contract. Do you mind if I say it that way?

Exam. BAKER. I think the record is clear now, Mr. Sullivan.

Mr. SULLIVAN. You were not a party—

The WITNESS. I don't believe it is any exhibit of our carriers.

Mr. SULLIVAN. Excuse me, Mr. Examiner. I will take it up with him, but it is not an exhibit of our carriers; it is an exhibit of Transport Company, and Mr. Ackerman was not a party to it, so he does not know anything about it.

Exam. BAKER. Well, if Mr. Ackerman does not know, of-course, he should so state.

The WITNESS. That is what I said. It is not my exhibit. I don't know who put the exhibit in.

Exam. BAKER. Well, do you have an explanation for the item—perhaps I can clear it up. It is represented here that certain items, expense items of Arrow Carrier Corporation, for the year ending April 30, 1941, will not recur. The items listed are boat expense, \$5,700; John Hamilton salary, \$7,200; John E. Ackerman, \$11,000; George F. Whitehead, \$6,000; James J. Buckley, Jr., \$9,000; moving of garage, \$1,893.70.

The WITNESS. Well, that clears it up. It was not my exhibit.

Exam. BAKER. Can you explain that?

The WITNESS. Yes. The \$11,000 would be reduction in my present salary from \$36,000 to \$25,000 to apply when, as, and if the Transport Company takes delivery of our carrier.

Mr. SULLIVAN. Excuse me. You have been receiving that larger salary for how long?

Exam. BAKER. Suppose you let Mr. Wiprud complete his cross-examination.

519 Mr. SULLIVAN. I thought he was through.

By Mr. WIPRUD:

Q. You say that that represents the difference between the \$25,000 that you have now agreed to and the \$36,000 which preceded it?

A. That is right.

Q. You have no explanation at this time of the reduction in the net income in 1940 over 1939?

A. I haven't got any figures here for 1940 to go by. I probably could go over it and give you the right answer, but I hesitate to guess at it.

Mr. WIPRUD. That is all.

Redirect examination by Mr. SULLIVAN:

Q. With respect to that Exhibit I of the Arrow contract to which Mr. Wiprud was referring, there was mention therein of reductions with respect to the salaries of Mr. Hamilton and of Mr. Buckley and of Mr. Whitehead.

A. That is correct.

Q. Does the amount shown after their names in Exhibit I represent the amount which their present salaries would be reduced after the commencement date of the contracts of employment that we have been talking about here?

A. I did not check those items as Mr. Wiprud read them off, but if I can hear them again—

Q. Put it another way. Will you tell us what you are presently receiving?

520 A. \$36,000 per annum.

Q. And how long have you been receiving that?

A. For many years.

Q. And under the contract of employment which we have referred to here previously you are to receive how much money?

A. \$25,000.

Q. Now, with respect to Mr. Whitehead, what does he presently receive?

A. \$18,000.

Q. Has he received that for some time?

A. Yes, sir.

Exam. BAKER. All these figures are for a year, are they not?

The WITNESS. That is right.

By Mr. SULLIVAN:

Q. And what is the provision of the contract that he is to receive?

A. \$12,000.

Q. And with respect to Mr. Buckley?

A. He receives \$18,000.

Q. And—

A. He will receive \$9,000.

Q. He will receive \$9,000. And Hamilton is not to receive any?

Exam. BAKER. What was his salary before?

The WITNESS. \$7,200 per annum.

521 Mr. WIPRUD. May I ask one question?

By Mr. WIPRUD:

Q. Is Arrow one of the companies short of working capital?

A. No, sir.

Mr. WIPRUD. That is all.

By Mr. SULLIVAN:

Q. May I ask you this: Is that a matter of opinion from your point of view of your business as you operate it?

A. That is a matter of opinion. I think it is a correct one. But that condition changes from day to day. We have no means of telling whether next month we will be short of working capital or not.

Q. And how are you fixed with respect to equipment at the present time? Have you an adequate amount of equipment, or are you short of equipment, or just enough.

A. We are working everything at peak. We have just purchased an additional 10 trucks.

Q. What arrangements did you make to purchase those trucks? Financial arrangements, I mean.

A. We did not agree to any terms.

Q. Do you contemplate paying cash for them?

A. It depends on what our position is when the trucks are delivered.

Q. So far as your position with respect to working capital, you have not made up your mind how you are going to pay for them?

522

A. That is right.

Q. How much are the trucks?

A. About \$5,000 apiece—no; \$5,500 apiece, with cabs.

Q. Did you say how many you ordered?

A. Ten.

Q. Would that adequately take care of your present situation?

A. Yes. I don't know whether it will be next month.

Q. By the time they are delivered, when, as, and if they are delivered, would you be able to say today that they will be able to adequately take care of the shipping public in that territory?

A. No, I couldn't say.

Mr. SULLIVAN. That is all.

Exam. BAKER. Any further cross-examination? Redirect examination?

By Exam. BAKER:

Q. Mr. Ackerman, legally which company is the operating company today, the Transport Company or the Arrow Carrier Corporation?

A. I couldn't answer you. I don't know, sir.

Q. You do know, do you not, that the Transport Company has leased—

A. Yes.

Q. The operating rights and properties of Arrow Carrier Corporation?

523 A. Yes, sir. They leased it, and we were able to continue to do things just as we had in the past.

Q. Has there been any change in name on the billhead?

A. Yes, sir; Transport Company, leasee. I believe it reads "Transport Company, leasee of Arrow Company Corporation," or something like that. We followed legal advice in making up the letterheads, and so forth.

Q. And are your tariffs carried the same way—tariff publications?

A. I believe they are. All our customers pay us in the name of Arrow Carrier, and our bank accounts are in the name of Arrow.

Exam. BAKER. I might ask counsel whether or not in his opinion the Arrow Carrier Corporation is the operator, or is it the Transport Company?

Mr. SULLIVAN. Do you want an immediate answer?

Exam. BAKER. If you care to give it.

Mr. SULLIVAN. Well, of course, it would be my conclusion that by virtue of the lease, which I have not had an opportunity to examine very carefully; only casually in connection with other matters—that by virtue of the lease the Transport Company would have to be the operating company, but it may be that there is some provision in the lease to the contrary. I was not a party to that deal, and we have been so busy with this application that
524 we have not had time to study it beyond that point.

By Exam. BAKER:

Q. Mr. Ackerman, are you familiar with the financial statements purporting to be the financial statements of Arrow Carrier Corporation which have been filed with this application?

A. No, sir; I am not familiar with them. The auditors have drawn all those reports, and they have been in our place so much and gotten so much information, I don't know what has been filed. I have our own financial statement here. They have made adjustments just as they did—arbitrary adjustments in the non-recurring items. That I am not familiar with.

Q. What I have in mind is this: I want to ascertain whether or not the financial statements reflect the operations conducted either by Arrow or by the Transport Company without regard to the existence of the lease between those two companies. Could you enlighten me on that?

A. As to what you have there? I know what I have here, Mr. Examiner.

Mr. SULLIVAN: No; that is not his question, Mr. Ackerman.

Exam. BAKER: Do you know what—

Mr. SULLIVAN: I think you have in mind something he spoke to me about.

Did you tell me, Mr. Ackerman, something about entries having been made on your books to reflect the lease?

The WITNESS: The rental?

325 Mr. SULLIVAN: The rental.

The WITNESS: I don't think that was the Examiner's question.

By Exam. BAKER:

Q. I did not ask specifically about the rental. I wanted to know whether these statements, income statements, in this application reflect the situation from an operating standpoint as if the lease did not exist.

A. I believe they do.

Q. There has been no deduction for any rentals paid to the Transport Company?

A. There have been some entries made, but they were sort of a washout entry.

Mr. SULLIVAN: I believe the other way.

Exam. BAKER: They would be a rental payment to Arrow Carrier Corporation. But these statements do not reflect any inter-company payments; is that correct?

The WITNESS: That is right; no payments.

Mr. SULLIVAN: May I say that, as I understand that situation, Mr. Examiner, the lease substantially provides that the rental shall be equal to the profits and that by leaving the books substantially as they were and entering off-setting items, which I understood they do, leaves it just as you say; that is, as if there were not a lease.

Exam. BAKER: Well, technically, the income statement of Arrow Carrier Corporation would consist merely of the net
526 income without any expense items whatever, would it not?

Mr. SULLIVAN: That is right.

Exam. BAKER: I think Mr. Reicher will probably be able to clear it up.

Mr. SULLIVAN: He will clear it up.

By EXAM. BAKER:

Q. Mr. Ackerman, have any steps been taken to call for redemption of any of the preferred stock which is now outstanding?

A. No, sir. The terms of the agreement were that the buyer would call the stock at 105 when title was taken.

Q. With respect to the salary, rather, the employment agreements which have been referred to, you no doubt are cognizant of the objections made last year by the Commission to the existence of numerous employment agreements in connection with the proposed merger into the Transport Company.

A. Yes, sir.

Q. In the light of that, what would be your position with respect to cancellation of the employment agreement with yourself?

A. We would not agree to it.

Q. You consider that as a valuable personal right?

A. Yes, sir.

Mr. SULLIVAN. Before you leave that, Mr. Examiner, I want to point out to you that Mr. Ackerman is bound by the terms
527 of that contract not to enter the trucking business east of the Mississippi River for five years, and that we feel that that is a very valuable asset The Transport Company had to offer here, that coupled with his employment agreement.

EXAM. BAKER. I realize it is a corollary proposition.

Mr. SULLIVAN. Yes. I simply wanted to point out the corollary part of it.

By EXAM. BAKER:

Q. Mr. Ackerman, isn't it true that a large portion of the traffic transported by Arrow—I will continue to say Arrow—is silk and silk products?

A. I would say that less than 50 percent of our gross, probably 40 would be a closer figure—40 percent of our gross is derived from real and synthetic silk products.

Q. What effect is likely to result on the operations of Arrow from the recently imposed restrictions on the processing of silk?

A. Our business has increased since the restriction was imposed—our receipts, our daily receipts.

Q. Well, do you feel that that is a permanent condition or is it just a temporary increase in anticipation of the effect, subsequent effect of those restrictions?

A. No. That is without any real silk shipments at all in those figures, in those receipts.

Q. You feel that other articles will make up—

A. Well, perhaps I can better explain it this way: The real silk that we haul only amounts to about 7 percent of our
528 gross receipts.

Q. I think that clarifies your statement. You mentioned it was your practice to honor shippers' routings. Could you state generally what proportion of your interchange traffic do the shippers specify the routing?

A. Almost a hundred percent.

Q. Is that generally true in the motor carrier business?

A. I would not know about the other carriers.

Q. Does your company transport any considerable traffic between Binghamton, New York, and New York City?

A. No, sir; not very much.

Q. I take it your position is with respect to competition that although certain of the carriers involved in this unification might under their operating rights be empowered to compete with Arrow Carrier Corporation in certain respects, that as a practical matter they do not compete; is that correct?

A. Yes; and I think their authority to compete is very limited, very greatly restricted. When you mention Binghamton and New York, we would be in competition with Moran. I believe they run from Binghamton to New York.

Q. And I believe there is also the possibility of competition between your company and Barnwell, say, between Harrisburg, Pennsylvania, and New York City; is there not?

A. I did not know that Barnwell had rights between Harrisburg and New York; but if there is any competition there 529 it is very small, because the outbound freight out of Harrisburg does not amount to very much.

Q. The total operating revenues of Arrow in 1940 were a little less than the total operating revenues in 1939. I believe that is the only one of the carriers involved in this unification which shows a reduction in total operating revenues. Do you have any explanation for that?

A. No; I do not. I mean at this time I do not have it. I would like to look the records over.

Q. Mr. Wiprud referred to net income; I referred to total operating revenues.

A. Yes. I believe Mr. Reicher when he testifies, could give you some answer to that, because he has dealt with it; I have not.

Q. Has there been any change in the rate situation generally?

A. Not generally. There has been a slight reduction in the general average, the over-all average, probably due more so to handling a little greater volume of low class freight at a lower rate rather than a reduction in any volume.

Exam. BAKER. That is all the questions I have of this witness.

Mr. SULLIVAN. That is all I have.

I would like to ask Mr. Whitehead two or three questions so I will not have to bring him back tomorrow.

Exam. BAKER. Very well. You are excused.

530 (Witness excused.)

Mr. SULLIVAN. Take the stand.

GEORGE F. WHITEHEAD, being first duly sworn, testified as follows:

The WITNESS. George F. Whitehead.

Direct examination by Mr. SULLIVAN:

Q. You reside where, Mr. Whitehead?

A. 485 Belmont Avenue, Haledon, New Jersey.

Q. You are employed by what company?

A. The Arrow Carrier Corporation.

Q. How long have you been employed by that company?

A. Twenty-one years.

Q. Are you an officer of the company?

A. I am.

Q. What officer?

A. Vice president.

Q. Are you a stockholder or—put it this way—a stockholder subject to these contracts with The Transport Company?

A. I am.

Q. And a substantial one, without bothering with the details?

A. Yes.

Q. What specific part of the operations of the Arrow Company are you concerned with?

A. Sales.

Q. And are you in charge of sales?

531 A. Yes.

Q. In the course of your duties do you have occasion to travel?

A. Practically continuously.

Q. In what territory?

A. Throughout the entire northeastern Pennsylvania and New Jersey and such surrounding states in which sales executive offices are maintained, and as far west as Chicago, and Boston.

Q. I take it you mean by "sales executive offices" shippers?

A. That is right.

Q. Or customers?

A. That is right.

Q. And do you come in contact with customers of the Arrow Company?

A. Yes.

Q. May I ask whether it is extensive or not—your contact?

A. Yes.

Q. Have you had conversations with shippers with respect to the feasibility, advisability, or inadvisability of a merger such as is projected here?

A. I have.

Q. And from your conversations with them do you feel you are able to give us the reactions of shippers?

A. It is favorable.

Q. Could you give us any idea of how many shippers you may have talked to with respect to this matter?

532 A. Well, principally I have talked to shippers who have movements into what we would consider as overhead territories, territories beyond that served by our own company, and practically all of the shippers that I have spoken to in that respect have felt that the merger, if approved, would be beneficial both from a service angle as well as for stabilization of rates.

Q. And are these shippers you talked to presently customers of your company?

A. They are.

Q. Many of them are presently customers of other companies in the projected merger as well as companies not in it?

A. That is right.

Q. I ask you what you presently receive as salary from Arrow.

A. \$18,000.

Q. You have received that for some time?

A. I have.

Q. By virtue of the agreement which you made with Kuhn, Loeb, relative to the sale of stock of Transport Company you will have a contract, if this merger is approved, under which you will receive some lesser sum?

A. That is right.

Q. And that would be the amount testified to here, \$12,000?

A. That is right.

533 Q. You are also under that contract bound not to engage in the trucking business east of the Mississippi River for five years from the effective date of the agreement.

A. That is right.

Q. Now, you have heard the testimony of Mr. Ackerman with respect to advantages to the general public arising from this deal, as well as advantages to the operating companies, improving their service, have you?

A. I have.

Q. You have heard at least some of the testimony of Mr. Arbour and of Mr. McCarthy?

A. That is right.

Q. With respect to the same matters?

A. That is right.

Q. Do you agree with the testimony?

A. I do.

Q. Have you anything you care to add to that?

A. Well, the only point that I have to add to that is it will be an expedited service in the operations to eastern New York State, which a great number of the shippers in our territory are particularly interested in. It also will have its advantages into the south, and one point that I know particularly is that it establishes a parallel through service. I might say, north to south, in comparison to the existing through services that run east and west at the present time, which the north and south movements—

534 the shipping public don't have the advantage of through service the same as on east and west movements. I think that our own company with respect to the affiliated companies in the combine would serve a radial operation in the metropolitan area forming a connecting link from that industrial territory to eastern New York State, to New England, and to the south.

Q. What would you say as to whether or not a rather unfortunate gap might be left in this proposed merger if Arrow were not included?

A. I think that would exist.

Q. And is Pennsylvania rather an industrialized state within itself?

A. It is. There is a rapid change becoming effective in Pennsylvania due to migration of industry in the last couple of years, and I think that portion of eastern Pennsylvania is going to become more highly industrialized than what it has in the past.

Q. Do you find in your dealings with your customers in offering them a general widely useable service, that your intrastate rights are of value?

A. I do.

Q. Is it an advantage to you as a salesman—

A. It is a particular advantage. I can cite one particular instance. Before our general freight rights were granted to us, and when we operated on restricted rights, we could

535 handle certain restricted commodities into certain mills, and it seemed strange that a shipper of numerous commodities could only ship a restricted amount of commodities by our service and would have to utilize the service of another carrier to ship the remainder of the commodities; whereas after our intra-

state certificate was granted both the shipper and the consignee could take advantage of the service in its entirety.

Q. Would you say that is an example of a smaller scale, that this service would be offered to the shipper on a larger scale under this unification?

A. Yes. There will be that advantage having concentration in that respect.

Mr. SULLIVAN. I think that is all the questions I have to ask him.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. WIPRUD:

Q. Mr. Whitehead, I may be anticipating the Examiner, but who is the operator of Arrow?

A. Who is the operator? Transport Company.

Mr. WIPRUD. Off the record.

(Remarks off the record.)

By Mr. WIPRUD:

Q. Well, Mr. Whitehead, what have you to say about the increase in business in 1940 over the year 1939? Was there an increase?

A. Yes. The increase in business in 1940 over 1939 I think is due partially to a change in industrial conditions within the territory plus the results of concentrated sales activity upon the accounts available, plus the superior service which I believe our company renders in the territory.

Q. You have no information in regard to the net income for those two years, 1939 and 1940?

A. No; I do not.

Q. Were any of the shippers that you talked to with regard to this proposed unification in favor of the prior unification?

A. Were in favor of the prior? Yes.

Q. Insofar as interstate business is concerned, the operations of Horton and Barnwell parallel the routes operated by Arrow; is that right?

A. That is right.

Q. So insofar as interstate business is concerned they are competitive?

A. No, sir.

Q. You have no interstate business?

A. We handle interstate business but the interstate parallel routes are not on a competitive basis. I believe there is a parallel route, as stated by the Examiner between Binghamton and New York, on which we might be competitive with Moran, but our activity in the Binghamton territory has been such that we

537 are not on a competitive basis. Likewise the same thing of Barnwell between Harrisburg and New York. We have not noticed the competition of Barnwell at Harrisburg at all.

Q. Well, so far as interstate business is concerned is there any reason why that business could not be transported under the interstate operating rights of Barnwell and Horton?

A. No, because Barnwell's interstate operating rights are restricted to those points which I have just mentioned. Horton's interstate rights running from the south into our territory would not give him the advantage of serving eastern Pennsylvania and metropolitan New York; therefore we are not on a competitive basis. The same way with Barnwell and the same way with Moran. Moran has no intermediate service between Binghamton, to the best of my knowledge.

Q. Then, it is purely a matter of restrictions in existing interstate rights?

A. Restrictions in existing interstate rights as to the territory which they served prior to regulation and have served since regulation.

Q. Yes.

Mr. WIPRUD. I believe that is all, Mr. Examiner.

Mr. SULLIVAN. I have no further questions.

Exam. BAKER. Witness excused.

(Witness excused.)

Mr. SULLIVAN. Thank you for extending the time, Mr. Examiner.

538 Exam. BAKER. We will adjourn until 9:30 a. m. tomorrow.

(Whereupon at 5:30 p. m., August 20, 1941, the hearing in the above-entitled matter was adjourned.)

539 Before the Interstate Commerce Commission

Docket No. MC-F-1612

ASSOCIATED TRANSPORT, INC.—CONTROL AND CONSOLIDATION—ARROW
CARRIER CORPORATION, ET AL.

Docket No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES

HEARING ROOM "B,"

I. C. C. BUILDING,

Washington, D. C., Thursday, August 21, 1941.

Met, pursuant to adjournment, at 9:30 a. m.

Before VERNON F. BAKER, Examiner.

Additional appearance: David Grant MacDonald, 16 Parkside Road, Silver Spring, Md., appearing for the Antitrust Division, Department of Justice.

540

PROCEEDINGS

Exam. BAKER. Come to order, gentlemen, please. You may call your first witness.

Mr. COCHRAN. Mr. Hester.

JOHN R. HESTER, being first duly sworn, testified as follows:

Direct examination by Mr. COCHRAN:

Q. State your name and place of residence.

A. John R. Hester, Salisbury, N. C.

Q. What is your business?

A. Textile finishing, bleaching, and manufacturing.

Q. With what company or companies are you connected?

A. The North Carolina Finishing Company, the North Carolina Fabrics Corporation, and the Alexander Manufacturing Company.

Q. What positions do you occupy with those three companies?

A. With the first two companies, I am secretary and assistant treasurer; and I am vice president of the latter company.

Q. Where are those companies located, and where are they doing business?

A. The North Carolina Finishing Company and North Carolina Fabrics Corporation are located at Salisbury, N. C., and that is where they do business. That is where their plants and facilities are located. The Alexander Manufacturing Company is at Forest City, N. C.

Q. Are those companies manufacturers of certain textile
541 products?

A. The Alexander Manufacturing Company manufactures white cotton bed sheeting, and the other two companies bleach, dye, and finish textile piece goods.

Q. Mr. Hester, how long have you been connected with those three companies?

A. Well, with the North Carolina Finishing Company, which is, you might say, the parent company, 11½ years.

Q. In your position as secretary-treasurer, or assistant treasurer, of these companies, do you supervise or handle the shipping of goods in and out of your plants?

A. Yes; I do.

Q. Is that also true of the plant located at Forest City?

A. That is true in a general way. The distance is so great that I do not exercise day-by-day supervision over Forest City, but I know from records what is shipped.

Q. Will you please state, Mr. Hester, to what territory the goods that are passed through your mills goes by way of freight, rail or motor?

A. All over the United States; all over the United States, although I would guess—and this is purely an estimate—that at least 60 percent of them go to the metropolitan area.

Q. What do you mean by "the metropolitan area"?

A. New York City and the area immediately surrounding it, we will say within 25 miles.

542 Q. In the shipping of goods from your plant, you say approximately 60 percent will go to the metropolitan area.

A. Right.

Q. And the remaining 40 percent would be distributed in what area?

A. All over the United States. That is just a guess.

Q. I understand.

A. Yes.

Q. Where do you receive the goods that come into your plant; from what points are they shipped?

A. Well, I would say—

Q. Generally speaking.

A. Ninety percent is from gray mills in the South. By "gray mills," I mean mills that make cotton and rayon, but the woven fabric is in North Carolina, South Carolina, Virginia, Georgia, and Alabama.

Q. Do most of those goods come to your plant by way of rail or motor?

A. I would say that most of the incoming movement is by rail.

Q. What percentage of the outgoing movement of your freight is by motor, if you know?

A. Well, I could give you exact statistics for the 12 months ending July 31st.

Exam. BAKER. Is that July 31, 1941?

The WITNESS. 1941; yes, sir.

543 The percentage of rail was 43 percent; motor, 57 percent.

By Mr. COCHRAN:

Q. Mr. Hester, in pounds or tons, will you give us an estimate or the exact figures, if you have them, of the amount of freight shipped out of your plants during any period?

A. The North Carolina Finishing Company during that year ending July 31, 1941, shipped slightly over 38,000,000 pounds, and the North Carolina Fabrics Corporation during the same period shipped—it is a much smaller plant—slightly over 6½ million pounds, and the Alexander Manufacturing Company during the same period shipped slightly over 2½ million pounds. The wide variation in those figures is due to the fact that the Finishing Company and the Fabrics Corporation are custom dyers and finishers, and they handle goods, in and out, woven by a great many mills, whereas Alexander, of course, weaves its own product.

Q. Have you available at your plant sufficient transportation facilities at present?

A. Oh, yes.

Q. Will you give us some estimate of the number of motor carriers that you actually use in the transportation of goods from your plants?

A. I prepared a list at random yesterday, Mr. Cochran, which I will be glad to read or enumerate, as you wish.

Q. Read it, please, sir.

544 A. Well, we have shipped recently, and are shipping, and would ship at any time, on order of our customers, goods via the following lines: Barnwell Brothers, Inc., Horton Motor Lines, Transportation, Inc., Akers Motor Lines, Atlantic States Motor Lines, L. H. Bottoms, Carolina Motor Express, Carolina Freight Carriers, Colonial Motor Freight Lines, Davis Motor Line, E. T. & W. N. C.—that is the Eastern Tennessee and Western North Carolina—Motor Lines; it is usually abbreviated as E. T. & W. N. C.—Frederickson Motor Express, G. & M. Transfer Company, Harris Brothers Transfer Company, Lewis & Holmes Motor Lines, Miller Motor Express, Roadway Express, Shaw Transfer Company, Mason & Dixon Lines, Billings Transfer Company, and Great Southern Trucking Company. There may have been more, I just picked the ones I know we have used fairly recently.

Q. Are there other trucking companies operating along your plants?

A. I am sure there are, Mr. Cochran. I could not at the moment name them, but I am quite sure there are other plants that operate by our plants, and which we have not used.

Q. Do you recall the names of the companies referred to in this application, which is an application for consolidation of motor carriers?

A. I am quite familiar with the southern ones, and in a general way with the northern units.

Q. Name the southern companies, if you please.

545 A. The southern companies, as I understand it, are Horton Motor Lines, Barnwell Brothers, Transportation, Inc., and Southeastern Lines.

Q. Do you do any business with McCarthy Freight System?

A. No; I do not.

Q. Consolidated Motor Lines?

A. I do not.

Q. Moran?

A. I do not.

Q. Arrow Carrier?

A. No; I do not.

Q. Do you know where those carriers are located?

A. I know in a general way that they are located in the East, but I do not know the range of their operations.

Q. You do not use the Southeastern?

A. We do not use the Southeastern.

Q. It does not operate by your plant?

A. I am not sure of that, but I do not think it does. In any event, we do not use it.

Q. In the event of the consolidation of these companies just mentioned, and we are more particularly talking about Barnwell, Horton Motor Lines, and Southeastern, would there remain sufficient facilities, competitive facilities, for the transportation of your goods even if you did not use the Consolidated line?

546 A. Oh, yes.

Q. Mr. Hester, are you acquainted generally with the purpose, or have you talked with anyone concerning the purpose of this proposed consolidation?

A. Only in a general way. I have not gone into the detailed reasons for the consolidation.

Q. You arrived in Washington this morning, Mr. Harris?

A. Yes, sir.

Q. And you have not discussed this in detail with any attorneys?

A. I have not.

Q. Or representatives of the companies?

A. I have not had the opportunity.

Q. Do you think of any advantages that might accrue to the shipping public and the public generally by reason of the consolidation of these companies into a unified operation?

A. Very definitely.

Q. Will you name some of them.

A. For example, we use daily, or almost daily—well, I will say daily—Horton, Barnwell, and Transportation. We rarely—almost never, I might say—have sufficient tonnage to load the truck of any of those three. Usually it is, a partial load, sometimes

even less than a half load. If the consolidation were consummated, it would mean that we would be able to put into one trailer the freight that now goes into three, which means that it would be possible for us to dispatch those shipments to our customers and to their customers, which would not otherwise be possible. The reason for that is that we could be loading that trailer all during the day. An empty trailer could be there. That arrangement was attempted once with one of the carriers in question, Barnwell, but the insufficiency of the tonnage made it infeasible; it had to be abandoned. We could load our freight all during the day, and at the end of the day, when the final parcel went into that trailer, it could be pulled out for immediate dispatch to the metropolitan area, which means, it seems only reasonable to suppose, that a good many hours would be saved in transit, because of the necessity for stops that exist now with all three companies would not be present.

Q. Could you give us the percentage of freight shipped by you that is now carried by Horton, Barnwell, and Transportation?

A. The percentage of our total?

Q. Yes; so far as motor carriers are concerned.

A. I would say between the three of them they would take possibly 25 percent.

Q. And the remainder is carried by these other carriers?

A. Other carriers; yes.

Q. What other advantages do you see in this consolidation, if any, that might inure to the benefit of the shipping public?

A. Well, I could think of the advantage which comes from the elimination of transfers en route, decrease of breakage, decrease of bad order shipments. For example, in our rayon business, most of the shipments are made in cartons, and, of course, cartons are particularly susceptible to breakage in transit. If it were possible to load a trailer at our plant, it would not break until it got to New York City, and then it is only reasonable to suppose, I think, that the breakage would be reduced tremendously. The percentage of bad order parcels—

Q. Would there be any benefit to the shipping public arising out of the ability to trace claims and to adjust them more promptly?

A. That seems to me also reasonable.

Q. Would the fact that transfers would be eliminated tend to expedite the service?

A. Oh, yes; I just brought that out, that, I think, based on my experience, on shipments from our plant to the metropolitan area would save a good many hours; in other words, from three to seven hours, which could possibly have the effect of placing our plant virtually overnight to New York City, whereas, for all

practical purposes, it is second morning. That is because the shipments get in there so late the following afternoon that they are of no use to the converter; he could not use them.

Q. They may as well just come in the next morning?

A. They may as well come in the next morning, which is 549 what the converter actually considers it—second morning delivery, and if the truck were dispatched straight through, the saving in time might—I say “might”; I am not familiar enough with the operating conditions, but I base this on conversation with operating heads of both Horton and Barnwell—might put us in the position of being overnight to New York, which would be a tremendous advantage to us in shipping, and a tremendous advantage to our customers.

Q. In your opinion, would the benefit which would inure to your companies also inure to the benefit of other shippers in more or less generally the same area?

A. Without knowing the conditions that other shippers have to confront, I could not say definitely, but it seems to me only reasonable that their problems would parallel ours.

Q. In your opinion, would such a consolidation as has been proposed here result in economies in the transportation of such freight?

A. That seems almost certain, that it would most positively result in economies for us. You can see that whereas we now have to load three trailers, we could load only one then, and there is another way in which we could save in our own operations. Under the present system of operation we have to set our parcels or containers out, and then load them separately—load them when the carrier brings his trailer in, but loading in solid trailers we would be able to run those containers 550 direct from our packing-room floor to the carrier's trailer; and when the final container was in we could close it up and be ready to go.

Q. And any other shipper, under similar conditions, could use the same system.

A. It would seem to me that other shippers' problems would be parallel to ours.

Q. Generally speaking, Mr. Hester, is it your opinion that such a proposed consolidation would benefit the public generally, as well as your business as an individual shipper?

A. It seems to me that it would, and I base that conclusion on multiplying the benefit to me by the vast number of shippers that would be affected. It seems to me that the aggregate benefit would be great.

Q. So far as you know, would the condition of other textile plants operating in the South be somewhat similar to yours with reference to shipments of their freight?

A. Yes; I think it would, very definitely.

Q. Is there a considerable number of such plants located in that general area?

A. Oh, yes.

Q. Just a moment—by which Horton, Barnwell, and Transportation, and these other companies that you named, as well as other carriers, operate?

A. Oh, yes; I would say so.

551 Q. As a matter of fact, the Carolinas particularly, and certain sections below there, have a large number of textile plants located in there.

A. Yes; they do.

MR. COCHRAN. Those are all the questions I care to ask this witness.

Exam. BAKER. Cross-examine.

Cross-examination by Mr. WIPRUD:

Q. Mr. Hester, to what areas or area does your freight move promptly by truck?

A. To what areas?

Q. Yes.

A. Well, I just brought that out. My guess—I mean, I do not have the exact figures—my guess is that 60 percent of it moves to the metropolitan area. By that I mean New York City and the area within a radius of 25 miles, and the rest of it all over the United States.

Q. Do all of the motor lines that you have listed here operate into New York?

A. I don't think so. I don't know exactly what their scope is, but I am quite positive that all of them do not. A good many of them do.

Q. You merely listed the motor carriers that serve your community.

A. That serve us; yes.

552 Q. Of those carriers, which carriers would you say would be the largest?

A. Of those that I have listed—do you mean to exclude Barnwell, Horton, and Transportation?

Q. No; I include them.

A. I would say that Horton, Barnwell, Atlantic States, Akers, Transportation, Harris Brothers, Miller Motor Express, Mason & Dixon. Now, you realize that this is purely an assumption or

guess. I have no statistics available as to their size. I mean I don't know; that is just my impression.

Q. Of those carriers that you have named as being the largest, what carriers are operating into the metropolitan area of New York?

A. Barnwell, Akers, Horton, Atlantic States, I believe, either directly or through connection in Philadelphia; I am not positive about that, but they pick up freight for New York; I know that—Davis—perhaps I didn't mention him—Harris Brothers, Miller Motor Express, Mason & Dixon.

Q. Is there competition at the present time between Barnwell and Horton?

A. I would say that there is.

Q. In the event that this application is approved, would it be your purpose to give all of the business into the metropolitan area of New York to the unified lines?

A. Not at all; not at all.

553 Q. As I understood your testimony, you were of the opinion that by this unification Horton and Barnwell, which are the operators involved in this unification, would be able to place at your plant a trailer that you could load to full capacity.

A. Load to full capacity. I am reasonably sure that the amount of freight that is routed by our customers—we don't control the routing; it is done by our customers in New York City; we don't control it, we follow their directions—and I am reasonably sure that maybe there would be sufficient tonnage between the two of them to load a full trailer; whereas now neither has a full trailer load.

Q. And that is true, of course, of the other carriers, too?

A. That is true of the other carriers.

Q. Then, to the extent that you could load the trailers of the unified line to full capacity, they would have preference over the so-called independent lines?

A. No; I would not say that, because we do not have the control of the routing. I have to bring that point out again. Let me make that clear.

Q. Go ahead.

A. That is to say, at the plants of the North Carolina Finishing Company, and the North Carolina Fabrics Corporation, they do custom work and most of our customers are in New York City. We follow their routing instructions. We do not have the initiative in the routing of that freight, but the freight

554 they route could be handled by us—the freight that they route via Horton and Barnwell could be handled by us much more expeditiously and economically if we were able to load both of them into one trailer instead of splitting it up.

Q. As I understand it, you cannot do that today?

A. We cannot do that today because they are two distinct operating companies.

Q. But you can do that, or you believe you will be able to do that, in the event that these lines are unified.

A. Yes.

Q. Then, to that extent, they would have preference insofar as you are able to control the business?

A. Well, I would have to say again that we could not give them any preference. We could not give them any preference. If orders come down from our customers routed via Horton and Barnwell, we would still have to reroute them Horton and Barnwell, just as we do today. We cannot ignore those routings. We follow those routings, and we would still follow those routings; but whereas they might say Horton and Barnwell, if consolidation were effect it would simply mean that Horton and Barnwell meant, probably, that we could use the one trailer for both, with economies to ourselves, and with the saving-in-transit time from our plant to New York City, because there would be no need, then, for intermediate consolidation of freight at intermediate points.

555 Q. Is it your opinion, Mr. Hester, that the unification would make possible considerable savings in time in operation between your plants and the metropolitan area?

A. I think it would.

Q. How would that be effected?

A. It would be effected in this way: When we can load—this is based on assumption that we can load a full trailer between the two, which would be true on most days—we could load one trailer between the two lines, and that trailer could go straight through. It would not have to be stopped at Greensboro, I think, in the case of Horton, and at Burlington, in the case of Barnwell, for further loading or reloading and making up a full load. Obviously, it would be economical for them to load that trailer to a full load, instead of a half load, as they do. They have to stop somewhere to load and reload, and that obviously takes some time. How much, I don't know, but it is apparent that it must consume some time, but what we would be anxious to do is to see that trailer depart from there and go straight through without necessity for stopping for additional loading before getting into New York.

Q. Coming back to this question of loading a full load, Mr. Hester, via the unified lines to be operated under the name of Associated Transport—

A. Yes.

556 Q. You would have the same situation as you would have the single company today.

A. I don't understand that.

Q. As I understand your reason for the partial loading, it is because of the shipper's routing.

A. Yes.

Q. And if the shipper routed today only to the extent of a part capacity of the trailer—

A. Yes.

Q. Of the individual company—

A. Yes.

Q. Would not that also be true after unification?

A. That would be true if you are to assume that the shippers would not care to use Barnwell and Horton after they had merged under the name of Associated. I believe that is theoretically the case; we would have to follow their routing. We would route via by any line which they directed; but I believe what you say is based on the assumption that they would not care to use the line as consolidated any longer. In that case, the same situation would exist, if we did not care to use Horton and Barnwell any longer because of the fact, or by virtue of the fact, that they had merged into another company, called Associated—and I don't even know the proposed name—but that would be true only in that instance, I think.

Q. Now, insofar as the movement of this trailer is concerned, what is the situation today insofar as the movement of
557 freight by truck is concerned between your plants and New York City? Would the trailers move through?

A. I am quite sure they do not. It is only in a rare instance. Now, there are rare instances when we can give them a full trailer load, to either Barnwell or Horton, or Shaw Transfer Company, which is one of the smaller lines, and one of the lines I did not enumerate there. I would say that, without having statistics, that Shaw Transfer alone gets more freight, more outgoing freight from our plant, than Barnwell and Horton combined, and we give them full loads, but only rarely are we able to give Horton or Barnwell a full load. I mean, it just happens sometimes that there is sufficient tonnage on hand to give it to either one of them, but it is very rarely the case; it is unusual; as a rule, their trailers are only partially loaded.

Q. How far do these trailers go north into the metropolitan area?

A. How far do they go north? They go to New York City. That is my understanding. I am not entirely familiar with operating details of these lines. I am speaking purely as a shipper, but I know that we route some freight by them to New York City, but they break up into their delivery units. I don't know; I understand that they carry it right into the city proper.

Q. Well, what I am trying to ascertain is where the saving
558 of seven hours comes in in the movement of this tonnage
to New York, in the event that unification is approved.

Exam. BAKER. Mr. Wiprud, I do not believe this witness is
qualified to answer questions along that line. It is really an
operating situation, and, as he states, he merely knows the sub-
ject from the standpoint of a shipper. I think those questions
must necessarily be directed to the operating men.

Mr. WIPRUD. Well, if the Examiner please, is it not desired
that I pursue the question, when the witness testified on direct
examination that there would be a saving of from three to seven
hours in this movement, as I understand it, to New York City?

The WITNESS. I believe I expressed that as an opinion, didn't
I?

Mr. WIPRUD. Yes.

The WITNESS. That is an opinion.

Mr. WIPRUD. I want to know what your opinion on it is based
on.

Exam. BAKER. I think he stated it was based on conversations,
but I will permit it to come in.

The WITNESS. It is based on conversations. I do not represent
myself as being qualified to go into operating details.

Mr. WIPRUD. I understand. I just wanted to find out on what
you based your opinion.

By Mr. WIPRUD:

559 Q. Do you expect a reduction in rates from the economies
that have been spoken of in connection with this proposed
unification?

A. No; not necessarily.

Q. Do you think it would be an advantage to your plant if all
of the lines serving New York City were consolidated?

A. If all of the lines serving New York City?

Q. Yes.

A. What do you mean by that—if they were all consolidated
into one unit?

Q. That is right.

A. I wouldn't say that; no. I would rather not answer that
question without reflection, but it seems to me on first thought
that that would not be a desirable situation, if all the lines serving
our plant to New York City were in one unit. I do not think
that would be a desirable situation—if all of them.

Q. Do you think it would be of advantage to your plant if the
carriers were unified that would have a dominant position in the
trucking field between your plant and New York City?

A. What do you mean by "dominant position"?

Q. They would be the largest carriers.

A. Well, I can see no disadvantage in that. For example, the Southern Railroad Company, which is the only railroad that serves us, has a dominant position, certainly, as far as the rail carriers are concerned, and that has never reacted to our
560 disadvantage.

Q. That railroad has a monopoly in railroad transportation there.

A. It does. I mean, naturally, we could use devious routes after a certain stage up the road, but it would be inefficient and time wasting, but I mean the fact that they have a dominant position, or virtually a monopoly, as far as rail transportation is concerned, has never reacted to our disadvantage.

MR. WIPRUD. That is all, Mr. Examiner.

EXAM. BAKER. Mr. Hester, you mentioned the Shaw Motor Lines.

The WITNESS. Shaw Transfer Company.

EXAM. BAKER. Shaw Transfer Company. To what points does it operate?

The WITNESS. Shaw Transfer operates, I believe now, under its revised authority, granted by the Commission, on cotton textiles, to points in Pennsylvania, as far as Philadelphia, and to points west of Highway No. 15. I am not quite sure. I would rather not answer that. I know he operates up into Pennsylvania on cotton textiles and a few other commodities. I am not certain what the other commodities.

EXAM. BAKER. He does not operate into New York City; does he?

The WITNESS. He does not operate into New York City.

EXAM. BAKER. Are substantially all of your outbound
561 shipments routed by the consignees; are they? Do they specify the routing?

The WITNESS. Most of them are; yes, sir.

EXAM. BAKER. With respect to your shipments, that you now deliver to Transportation, Inc., to what points are they generally destined?

The WITNESS. To points south of Salisbury, which are, as a rule, Atlanta—he gets most of the shipments to Atlanta—and intermediate points, and, of course, we have a directly competing line with Transport, Inc., in Lewis & Holmes. That is another line operating for our plant. I think his northern terminus is High Point, which is slightly north of our plant.

EXAM. BAKER. Those are all the questions that I have.

By Mr. O'BRIEN:

Q. Mr. Hester—

Exam. BAKER. Pardon me, Mr. O'Brien. I did not know you were to have any questions.

Mr. O'BRIEN. It is perfectly all right, Mr. Examiner.

By Mr. O'BRIEN:

Q. What would be the results, so far as the employees of these various companies are concerned, in connection with the freight that you now load in three trailers, and which would necessarily be loaded into one trailer?

A. The employees of the trucking companies?

Q. That is right.

A. That, Mr. O'Brien, is a question; it is an operating question, which I am not qualified to answer. It has always
562 been my experience, however, that—

Exam. BAKER. If you do not know, just state that you do not know.

The WITNESS. I just don't know.

By Mr. O'BRIEN:

Q. Now, in the case of the economies that you stated would result in such a situation, is it not a fact that both Horton and Barnwell operate and have terminals at Burlington and Salisbury, N. C.?

A. I don't know. I understand that Horton's consolidation is done at Greensboro, and Barnwell's at Burlington; but those are operating questions that I cannot answer. My understanding is from conversations with their operating men.

Q. Could you give us some idea, Mr. Hester, as to what the resulting economies would be which you have just stated would be the results of the approval of this merger?

A. Well, are you speaking of economies within the trucking companies themselves?

Q. I am speaking of them in the light of your testimony. I understood you to say that if this merger were approved, there would be resulting economies to your company.

A. To us?

Q. I am wondering—

A. Those economies would result from our not having wasteful double-handling of containers. As it is at present, we have to run those containers on a platform and wait for the carrier to come and then pick those containers up. We cannot always place convenient to the spot at which the carrier is going to back his truck, and, unfortunately, our facilities are limited for truckloading. We were built for railroad pri-
563

marily, back in the early days, many years ago before the advent of the trucks.

Q. Now, so far as the question of claims is concerned, which I believe Mr. Cochran asked you about, do you really believe that the question of claims for damage would be much smaller than now because of this proposed consolidation?

A. So far as the claims for damage are concerned, I can't answer that, because those claims are handled directly by our customers at the end of the line. They are naturally handled between the customers and the carrier. I do know that we from time to time receive complaints about our containers coming in in bad condition. The condition is not bad enough to warrant a direct claim, but the cartons are often broken up, apparently due to abuses in handling. Maybe the manufacturers can say exactly what causes it, and the cloth gets soiled. I know that there is a fair amount of that, but that does not, so far as we know, result in a monetary claim. The monetary claims, we do not know anything about because they are handled directly by our customers and carriers. We don't know about that.

Q. But you would still have the question of the handling of this freight en route, even though this merger would be
564 approved, would you not?

A. What is that?

Q. The handling of this freight en route. In other words—

A. You would unquestionably have some handling en route. My point was that based on my observation of the tonnage of both of these lines, Barnwell and Horton—I am talking about their northbound lines now—there would be adequate tonnage for a solid trailer load on most days between the two. Now, if it were possible to load the quantities destined for both of those lines in one trailer, then it would not be necessary to transfer that trailer en route, and it seems to me only common sense to think that some handling would be eliminated, the handling at the consolidation point.

Q. As a matter of fact, Mr. Hester, you know that neither Horton nor Barnwell would take that trailer of yours, which you had loaded, destined for New York, from the point of origin direct to New York? You know that that is so?

A. No; I don't know that. As a matter of fact, I would think it is quite the contrary.

Q. Do you know that the matter of hours of service—

A. I am not considering that. I am considering the trailer, not the tractor. You see, the trailer is the freight car portion. The tractor may be changed a good many times en route, just like

the change on a freight train; but I am talking about the trailer part that we load.

565 Q. Now, in the event that you are not able to completely load that trailer, even under this arrangement, if it should be approved—

A. Yes.

Q. —there still would be the necessity of stopping at Burlington or Greensboro or some other point en route for the purpose of filling out that load in that trailer.

A. That would be up to the carrier, as to whether he wanted to. I think it would depend largely on how much the load lacked of being full, and whether he was willing to take it through without supplementary loading, or whether he would have to stop it at an intermediate point for loading. That is an operating point. I don't know that.

Q. Now, tell us, Mr. Hester, whether those employees who load those trailers are directly on your pay roll.

A. Who load the trailers?

Q. Yes, sir; at your plant.

A. Those are the truckers' employees. Now, occasionally, we will help in the loadings. Those trailers are on the motor carriers'—

Q. Then, do I understand that all of these companies that you have enumerated have their employees on your platform?

A. They have. Their employees help and supervise. Now, let me explain it this way: We are cooperative beyond the
566 point of most shippers. We help load trailers in the majority of instances, even though we are not obligated to do it. We do that with the idea of expediting the freight for the benefit of our customers. In other words, we use what we consider common sense and the most expeditious method of getting the freight moving, and we try to be cooperative with the carriers—all of them.

Q. Could you tell us about what time of day your shipments are ready for transportation?

A. At varying times. Our shipments are ready for transportation, some of them, from the time we start our plant, from the time we start our shipping department, at 7 in the morning, until 5 in the afternoon. They come through at varying times.

Q. What about the latest hour?

A. The latest hour?

Q. Yes, sir.

A. Well, that would depend largely upon the urgency of the shipment. Ordinarily, the latest hour would probably be 4 in the afternoon. Sometimes we would get a shipment ready as late

as 5 or 6. It all depends upon the urgency of it, how badly we think our customer needs it.

Q. What time of day, generally, does your shipping department close?

A. Does our shipping department close?

Q. Yes.

567 A. As a rule, around 5 o'clock, but that is not set at all.

I mean, that is the time we try to.

Q. The general practice.

A. The general practice.

Q. Five o'clock.

A. That is what we try to adhere to.

Q. If those shipments left your plant at 5 o'clock, would it be possible under your present arrangement for a one-day delivery in New York?

A. Not on the cottons. We have within the past week instituted a new system, an experimental system, whereby they depart at around 3 o'clock. That is on rayons. It is difficult to draw this picture for you, but we have two contiguous plants, one handling rayons and one handling cottons. Their problems are different; their methods of operation are different; their customers are different, and when I say "5," I am speaking of the cottons. On the rayons we have instituted a system in the past week whereby they depart at 3, and we are determining the time at which those shipments can be delivered to New York City, with a transfer en route, which I understand Horton does at Greensboro and Barnwell at Burlington, but it is purely an accident—

Q. About what time does the merchandise that leaves your plant at 3 o'clock reach New York?

A. We hope—we don't know yet—we hope it is going to
568 be able or possible to deliver that to the customer by noon the next day.

Q. Of the next day?

A. But that is purely speculation, and we don't know that that is possible yet.

Q. About what time is it arriving there now, since you put this new system into effect?

A. I understand it has been arriving there early in the morning—about 8:30 in the morning.

Q. That is, of the next day.

A. Of the second morning.

Q. Of the second morning?

A. Yes.

Q. So that even though you have arranged to get this merchandise out of your plant and on its way—

A. Let me qualify that. When I say "the next morning," the carriers have explained to me that it actually gets in there during the night, but it is possible to make delivery the next morning. In other words, it gets there too late for any possible use the same day, and they explained to me a condition with which I am not entirely familiar in New York City. It is the congestion around Seventh Avenue district for truck unloading. I don't know much about that.

Q. But does Horton go directly into New York, or does he stop at Paterson, N. J.?

569 A. I don't know that, but I know we have changed and experimented constantly in an effort to speed up the service to our customers and get the merchandise there quicker than it would otherwise be possible to do it.

Q. Do you know if either Horton or Barnwell uses the same type or the same truck to effect delivery in the metropolitan district of New York as was used to transport that merchandise from North Carolina to New York?

A. Do I know that?

Q. Yes, sir.

A. I don't know that; I don't know that. That is an operating condition, and I must say again that I am not familiar with it, and I am not qualified to answer.

Q. With reference to the routing of orders which you testified to, there are, of course, times when the officials of your company can use their influence with the consignee as to the method of routing a particular shipment, or with officials.

A. That is problematical. I would not say that. That is not our practice. We do not do that.

Q. But it is possible, though.

A. I wouldn't say it is possible, even. I wouldn't say it is possible, because we don't own the goods. They belong to our customers; we don't own them. I don't know that our influence would have any weight. I don't know that, even.

Q. But you do have an interest in your goods reaching
570 the consignee in good condition and on time.

A. In good condition and on time, because he is our customer, whom we are striving to please.

Q. That being so, you would also have a very vital interest in the mode of transportation that would be used for the purpose of delivering that merchandise in that condition?

A. That is true, but we would leave that entirely up to the customer's judgment.

Q. Could you tell us the approximate number of employees of the various trucking lines to which you have testified that are on your platform?

A. I could not. I am not that close to the physical operations of the shipping. My function is not that close to the actual physical operation.

Q. Would you be able to get that information for us?

A. I don't think I could get that. I don't think I could get that.

Mr. O'BRIEN. That is all.

Exam. BAKER. Are there any further questions of this witness?

Mr. COCHRAN. That is all.

Exam. BAKER. The witness is excused.

(Witness excused.)

Exam. BAKER. Call your next witness.

Mr. JOSELOFF. Mr. Hoey, will you take the stand, please.

571 JOHN V. HOEY, being first duly sworn, testified as follows:

Direct examination by Mr. JOSELOFF:

Q. Give the Reporter your name and address, Mr. Hoey.

A. John V. Hoey, Room 1303, 40 Worth Street, New York City.

Q. What is your occupation, Mr. Hoey?

A. I am manager of the traffic department, Textile Fabrics Association.

Q. And as such are you in a position to know of their shipping and traffic problems?

A. We are.

Q. In addition to your representation of the Textile Fabrics Association, do you represent any other companies?

A. Yes; we represent some finishing plants and gray mills or cotton mills, as they are commonly referred to.

Q. Will you tell us, please, about the Textile Fabrics Association.

A. Well, the Textile Fabrics Association consists of approximately 125 houses in the converting business; that is, the converting of cotton, mixed cotton, and rayon, or all rayon fibers, into a salable product.

Q. Could you also give us some idea of the companies that you also represent in shipping problems, besides that of the Textile Fabrics Association?

572 A. Yes. South Bridge Finishing Company, South Bridge, Mass.; Sturbridge Finishing Company, Sturbridge, Mass.; Windsor Print Cloths, North Adams, Mass.; Pontiac Bleachery, Pontiac, R. I.; Fruit-of-the-Loom, Inc., New York City; Standard

Bleachery, Carlton Hill, N. J.; Merrimac Manufacturing Company, Lowell, Mass.; Merrimac Manufacturing Company, Huntsville, Ala.; Border Mills, Kingsbury, Tenn.; Consolidated Textile Company, Lynchburg, Va.; Consolidated Textile, Shelby, N. C.; Millville Manufacturing Company, Millville, N. J.; Martin Dyeing & Finishing Company, Bridgeton, N. J.; A. D. Juilliard & Company, 40 West Fortieth Street—that is their main office, and they have a warehouse at 600 West Forty-fifth Street, and they have cotton mills at Aragon, Ga., Rome, Ga.; Brookford, N. C., and New York Mills in New York, and Woolen Mills at Stottville, N. Y., and Providence, R. I., and silk mills at Chadwicks, N. Y., and Phillipsburg, N. J.

Q. Now, I believe you said that in your capacity you are acquainted with and connected with shipping and traffic problems?

A. That is right.

Q. Of the members of the Association, such as these other companies that you have mentioned.

A. That is correct.

Q. Can you give us some tonnage statistics with reference to the tonnage moving by motor carrier of these people whom
573 you represent?

A. Well, our movement from southern mills to the eastern finishing plants, finishing plants located in New England and in so-called Trunk Line territory, last year approximated 500,000,000 pounds.

Q. What does that consist of?

A. That consisted principally of print cloth and sheetings.

Q. That was your movement by motor truck last year; is that correct?

A. That is right.

Q. In addition to that movement from the South to New England points, can you give us some tonnage statistics from New England points to the reverse direction?

A. From New England cotton mills to bleacheries located outside New England, in so-called Trunk Line territory—

Exam. BAKER. Will you define Trunk Line territory? What territory is that?

The WITNESS. I mean the territory—coming from New England, I mean the territory west of the Hudson River.

Exam. BAKER. In New York State?

The WITNESS. I should say New Jersey, Delaware, and Pennsylvania, and the Utica district of New York State. There are a few finishing plants up there. From New England gray mills or New England cotton mills to finishing plants in those States, 20,000,000 pounds.

574

By Mr. JOSELOFF:

Q. And what material, principally?

A. Unfinished cotton piece goods.

Q. Now, do you have another territorial movement and some tonnage figures on that from New England to finishing centers or manufacturing centers?

A. There is a movement of finished cotton piece goods from New Jersey, Pennsylvania, and Delaware to New York, Philadelphia, and Baltimore, and manufacturing centers in New England and New York State, which amounts to about 10,000,000 pounds.

Q. For the record, these movements are all by motor truck?

A. That is right.

Q. Is there another movement from New England to New York, Philadelphia, Baltimore, and other manufacturing centers of the same material?

A. Finished cotton piece goods from the New England finishing plants to New York, Philadelphia, Baltimore, and New York State manufacturing and distributing centers, 20,000,000 pounds.

EXAM. BAKER. These statements indicate pounds per year?

The WITNESS. That would be for the year 1940.

MR. O'BRIEN. Including what months?

The WITNESS. The whole year of 1940.

By Mr. JOSELOFF:

Q. Now, Mr. Hoey, are you familiar with the general nature of the application in this proceeding?

A. I am.

575 Q. Have you had occasion to study a copy of the map indicating the principal routes of the carriers involved, and the carriers involved?

A. No, sir; I have not studied the map, but I have a general idea of the routes that are covered by each of the carriers involved in the merger.

Q. I will ask you to look at the map, which is affixed to the bulletin board directly ahead of you, and which is an exact replica of the map on file in this proceeding, and ask you if, from what you understand of this application, that map represents the territory involved and contains the lists of the carriers?

A. I believe it does.

Q. Have you discussed the general nature and plan of the proposed unification with representatives of the carriers involved?

A. Only in a general way. When that matter came up we inquired of them concerning it, and we have had a general idea as to just what it is all about.

Q. You talked with officials, let us say, of Consolidated Motor Lines, in connection with this proposed application?

A. I have.

Q. So that from your conversations and from your observations and from your general knowledge, would you say that you are well acquainted with what is proposed here in this proceeding?

576 A. I think we are.

Q. Now, as to the tonnage which you testified moved by motor truck, will you state, if you can, in a general way, first, whether a substantial portion of that tonnage moves by carriers in this proposed unification?

A. Yes; some of it moves by those carriers.

Q. And I suppose the rest of the tonnage moves by carriers not in this application?

A. The remainder moves by competing routes. I have no division of that, incidentally, as to the business that moves by any specific route. This is the group tonnage, but we have a list of some of the carriers which we use in other territories, and I feel reasonably sure that with this combination there would still remain plenty of competition.

Q. Would you please read for the record a list of the carriers with which the members of the Textile Fabrics Association and/or these other companies mentioned by you, do business?

A. Well, between points within the South, that is, in the States of North Carolina, South Carolina, Tennessee, Georgia, Alabama, we use the North Alabama Motor Express, Inc., the Lowther Trucking Company—do you want the addresses?

Exam. BAKER. I think it would be well to give their headquarters, if you have that information.

A. The North Alabama Motor Express, Inc., Birmingham, Ala.; Lowther Trucking Company, Charlotte, N. C.; Lewis
577 & Holmes Motor Freight Corporation, High Point, N. C.;
New South Express Lines, Inc.; Columbia, S. C.; E. L. Long Motor Lines, Inc., Greenwood, S. C.; Efrom Trucking Company, Inc.; Aiken, S. C.; Atlantic States Motor Lines, High Point, N. C.; Palmetto Motor Lines, Hartsville, S. C.; A. B. & C. Truck Lines, Rome, Ga.; A. A. Highway Express, Inc., Atlanta, Ga.; Alabama Highway Express, Birmingham, Ala.; Deaton Truck Lines, Inc., Birmingham, Ala.; East Tennessee & Western North Carolina Motor Transportation Company, Johnson City, Tenn.

Then, from the South to the East, that is on goods originating in North Carolina, South Carolina, Tennessee, Georgia, or Alabama, consigned to destinations, Wilmington, Del., and north, we use the following lines: Akers Motor Lines, Inc., Gastonia, N. C.; Harris Brothers Transfer Company—I believe they are at Charlotte; I am not sure of that; Mason & Dixon Lines, Inc., Kingsbury, Tenn.; Cooper Motor Express, Inc., Columbia, S. C.; Ross

Motor Lines—I haven't that address; Davis Motor Lines—I don't know that address; Atlantic States Motor Lines, High Point, N. C.; Carolina Freight Carriers Corporation, Cherryville, N. C.; G. & M. Motor Lines—I believe they are at Fayetteville, though I am not sure; Hucklebee Motor Service, Columbia, S. C.; McLean Trucking Company, Fayetteville, N. C.; the Brooks Transportation Company, Richmond, Va.; Jack Cole, Inc., Birmingham, Ala.; Miller Motor Express, Charlotte, N. C.

578 Within the New England territory, covering the movements between Maine and New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut: Hemingway Brothers Interstate Trucking Company, New Bedford, Mass.; the Miltex Transit Company, Fall River, Mass.; Alger Brothers, Somerville, Mass.; Holmes Motor Express, Worcester, Mass.; Moshassuck Transportation, Saylesville, R. I.; McCarthy Express, Lawrence, Mass.——

Q. Incidentally, that is not the same as the McCarthy Freight System, one of the carriers in this application?

A. That is correct.

New England Transportation Company, E. N. Curtis, Danielson, Conn. I believe the New England Transportation Company's address is South Station, Boston, Mass. B. & M. Transportation Company, North Station, Boston, Mass.; H. P. Welch, Somerville, Mass.; Gay's Express, White River Junction, Vt.; Huckins & Co., Boston; Keogh Storage Company, Boston, Mass.

Then, our business moving from finishing plants in Rhode Island, Massachusetts, and Connecticut into New York State, in the metropolitan area thereof, we use the following:

Lowell Trucking Company, Lowell, Mass.; Hemingway Brothers Interstate Trucking Company, New Bedford; Savins Motor Express, New London, Conn.; Moskowitz Motor Lines, Jewett City, Conn.; M. & M. Transportation Co., Boston, Mass.; Seaboard Freight Lines—I am not sure of their address;

579 Wooster Express, Hartford, Conn.; Palmer Motor Lines, Great Barrington, Mass.; Kimball Motor Express, Great Barrington, Mass.; Holmes Motor Express, Worcester; The Emmott Valley Transportation Company, Usbridge, Mass., and the New England Transportation Company.

Then, we have movements from the South to the West——

Q. When you say "from the South to the West"——

A. Well, shipments originating in North Carolina, South Carolina, Georgia, Tennessee, and Alabama, going into Buffalo, Pittsburgh, Cleveland, and so forth.

Q. Well, you might name those carriers that you use.

A. There are four of those: The Blue & Gray Transportation, Cincinnati; the Carolina Motor Express Lines of Indianapolis;

The Silver Fleet Motor Express of Louisville, Ky., and the Huber & Huber Motor Express, Inc., at Louisville.

Then, the movement from New York City points into New Jersey, Delaware, Pennsylvania, up into New York State, there is still another group of carriers.

Q. I would like to have you make a general statement for the record as to those carriers, and I think that will be sufficient.

A. We use principally or practically all of the larger carriers operating in that territory.

Q. Now, Mr. Hoey, in your opinion, would the granting by the Commission of this application be beneficial to the various companies which you represent and to the members of the
580 Textile Fabrics Association?

A. I think the consolidation would be beneficial, generally speaking, to everybody.

Q. Whom do you mean by "everybody"?

A. I mean the people I represent.

Q. Will you give your reasons therefor?

A. I believe that economies would result from the following: Uniform through billing, consolidation of the solicitation of freight, consolidation of insurance purchases, reduction in the number of terminals, and the cost of rentals, more efficient and economical operation of terminals, more efficient interchange of freight at New York and elsewhere; reduction in cost to shippers or receivers performing their own dray service between plants and terminals, reduction in empty truck-miles, more efficient and economical maintenance, direct communication between all terminals, improved pick-up and delivery service, and less congestion at industry loading and unloading platforms.

I think all of these economies will have a tendency to arrest increased costs, expedited service, and stabilized rates, with a possibility of reducing them.

Q. In your opinion, would it benefit the public generally as well as the members of the Association that you represent?

A. I think so.

Q. What is your opinion as to the effect of this proposed
581 consolidation on competing carriers, and, in particular, the effect on the movement of freight by those carriers which you mentioned in your testimony?

A. Well, I think if this consolidation be approved in line with the application, it would not harm competition; in other words, there is plenty of competition outside of this group.

Q. Would there result any substantial diversion of traffic from carriers not in the proposed unification to carriers in the proposed unification?

A. I do not think you can forecast that. Nobody knows what transporation among shippers one single individual will purchase. He may be using one line today and for some reason or other switch to some other line tomorrow. I do not think there is any fixed rule that you could go by on that.

Q. Now, from your standpoint as a shipper's representative, what is your feeling and opinion as to your testifying here and requesting the approval by the Interstate Commerce Commission?

A. Well, personally I feel that there are too many trucking companies, and the sooner they are consolidated and merged the sooner we will have stronger companies, and in that effort you do a lot of things. In a small office like mine, where there are only four of us, we at times, for example, find it difficult to interview

solicitors on a given date. We encourage solicitation; we like to hear what the solicitors like to say and therefore we see all solicitors that come to see us, but we find it rather difficult at times to see them all; whereas, if there was a substantial amount of consolidation I am sure that that would be considerably reduced, or at least it would be made comparable to rail solicitation, where a single solicitor will solicit business, we will say, for a given route that might involve four or five individual lines, such as the Southern Railway representative might come to our office and solicit business from, we will say, South Bridge, Mass., to Birmingham, Ala., and he will solicit that by the Merchants & Miners Transportation Company and Southern Railway, or by a competing railroad. In that way he saves a trip into our office for the other two or three solicitors involved in the route. In that respect, I think it will be helpful to the shippers.

Then, too, in a good many of our plants, as Mr. Hester said, we were originally rigged up to ship by rail, and we find that with the increase in motor truck tonnage some of our shipping platforms are congested and not ample to take care of the amount of tonnage that is at times offered, which causes some congestion in our shipping rooms, and so forth.

Mr. JOSELOFF. That is all with this witness.

Exam. BAKER. Is here any cross-examination?

Mr. WIPRUD. I have a few questions, Mr. Examiner.

583 Cross-examination by Mr. WIPRUD:

Q. I take it from your testimony, Mr. Hoey, that you are in favor of further unification of truck carriers similar to the one proposed in the pending application?

A. That is right.

Q. And you believe that as a result of this unification certain sayings will be effected over the existing situation, insofar as independent motor lines are concerned?

A. Well, I think certain savings will be realized. I think that is obvious, from all consolidations:

Q. And to the extent that those savings will be effected, the independent truck lines might be put to a disadvantage in continuing in business?

A. I don't think so.

Q. Do you think they would be on as favorable a basis in meeting competition between such areas as you have described in your testimony, as the unified line?

A. I think they would be on the same basis as they are on today. If one carrier gives service, and somebody chooses to meet it, they will meet it. If they cannot, they just don't meet it.

Q. Well, is there—

A. I don't think there is any yardstick by which you can measure that. I believe that competition, good sound competition, takes care of that automatically.

Q. Well, in the event that this application is approved, 584 will there be any other truck operator of comparable size on the Atlantic Seaboard?

A. I don't think so.

Q. Will there be any other motor carrier operating between New York City and New Orleans?

A. Yes; there are other carriers.

Q. Well, a single carrier.

A. Yes; an individual carrier.

Q. What is that carrier?

A. I don't recall his name. He is in Paterson, N. J.

Q. Is he a common or contract carrier?

A. Common carrier.

Q. Can you state that name for the record?

A. I think I can.

Q. You testified, Mr. Hoey, that you are familiar with the application in this proceeding.

A. Generally.

Q. Well, taking the New England territory, insofar as the motor truck operations are concerned, of the carriers involved in this particular proceeding, the McCarthy system operates almost entirely in Massachusetts, Connecticut, and Rhode Island; does it not?

A. Correct.

Q. And these operations are duplicated by the operations of the eastern division of Consolidated; is not that so?

585 A. I think that is right.

Q. State, if you know, whether substantial competition may exist between those lines today.

A. I believe there is.

Q. And it would follow, would it not, if this application is approved, that this competition will be eliminated.

A. I think that would depend on how this merger is set up. I understand that each one of these companies is going to operate independently. I don't think it has been announced yet just what the plan will be concerning the solicitation of business; so it would be hard for me to say just what they might do.

Exam. BAKER. We might save time, Mr. Wiprud, if I said this: I think counsel for the applicant will concede that any competition between the companies involved in this unification will be eliminated.

Mr. JOSELOFF. Yes, of course, we concede that.

By Mr. WIPRUD:

Q. It is also conceded that there is substantial competition between the carriers involved in this unification.

A. That is right.

Mr. JOSELOFF. Just a minute, Mr. Hoey.

Exam. BAKER. Counsel will have to do the conceding.

Mr. JOSELOFF. We do not concede that.

Mr. WIPRUD. I would like to have it from this witness.

586 Mr. JOSELOFF. You go ahead and develop it, but I do not want it understood for the record that we are conceding anything like this last statement.

Exam. BAKER. Was your last question answered? Mr. Reporter, will you read Mr. Wiprud's last question?

(Question read.)

Exam. BAKER. I think you should rephrase your question, Mr. Wiprud.

By Mr. WIPRUD:

Q. Referring to the western operations of Consolidated, Mr. Hoey, will you state whether or not the routes of Moran duplicate practically all of Consolidated's routes in this area?

A. From Albany north, I think they do.

Q. Is there substantial competition between these carriers?

A. I imagine so.

Q. And in the event that this unification is approved, and these routes are merged into one operation, it follows that this competition would be eliminated; does it not?

A. Yes, sir.

Q. Moving down to the middle area as shown on the map, which is a part of the application, Moran and Consolidated operate between Binghamton, New York, and Philadelphia, do they not?

A. I think that is right.

Q. Is there substantial competition between these carriers between these points?

587 A. I imagine so. I am not sure about it.

Mr. JOSELOFF. Well, if you are not sure, Mr. Hoey, just say so.

By Mr. WIPRUD:

Q. Referring again to the map, Moran and Consolidated, and Consolidated and McCarthy have competing lines, have they not, from points north into New York City?

A. From points north into New York City?

Q. That is right.

Mr. JOSELOFF. Did you say McCarthy, Mr. Wiprud?

Mr. WIPRUD. Taking Moran and Consolidated.

A. Yes; they have.

By Mr. WIPRUD:

Q. And is there substantial competition between these two lines on those routes?

A. I don't know. I don't think I could testify as to the competition between them.

Q. You ship over these lines, do you not?

A. Yes.

Q. Or your clients do;

A. Yes.

Q. You would know, would you not, whether or not there is competition for this business.

A. Well, yes; but that extended beyond the eastern carriers in that operating area.

Q. You do business with both of these carriers?

588 A. That is right; and we do business with a lot of other carriers in the same territory.

Q. They compete for your business.

A. That is right.

Q. Looking at the map again, Mr. Hoey, from New York to Philadelphia, Consolidated competes with the Horton Motor Lines, Southeastern Motor Lines, and Barnwell Motor Lines; do they not?

A. According to this, they do.

Q. I beg your pardon?

A. They do, according to this.

Exam. BAKER. Do you know, Mr. Hoey?

The WITNESS. No, I don't know; I don't know. I know we are not solicited by Barnwell or Horton for New York to Philadelphia business.

Exam. BAKER. I think that is the answer. Mr. Wiprud wants an answer of your own personal knowledge.

The WITNESS. No; we don't know that.

By Mr. WIPRUD:

Q. Does the map show competing operations between Philadelphia and Washington via Baltimore, insofar as the lines involved in this application are concerned?

A. That is right.

Q. Those lines are Southeastern, Horton, and Barnwell?

A. That is right.

Q. Do you know whether or not they are competing lines?

Mr. JOSELOFF. I think that question is the same as the 589 previous one. Is it not? This witness testified that he does not know just what their rates are.

Exam. BAKER. If he knows.

A. I would say they are competing lines, although I do not know that either one of these three carriers solicit Baltimore or Washington business out of Philadelphia. We would certainly not think of any connection with a movement like that.

By Mr. WIPRUD:

Q. Taking the movement from the South to Washington and to New York, first via Lynchburg, is there any competition between any of the lines involved in this application?

A. Yes.

Q. What are they?

A. Horton Motor Lines and Southeastern—now, wait a minute—Barnwell Brothers.

Q. How about the movement through other gateways from this origin territory to the New York area? Take, for instance, via Richmond.

A. You get Horton, Barnwell—that is all it shows on here.

Q. How about via Winchester?

Mr. JOSELOFF. Does not the record speak for itself, Mr. Examiner? I have no objection to these questions, but I think the operating rights of all the companies are in the record. The witness has testified as to their territories, and the map is also self-explanatory. I think this is a petition.

590 Exam. BAKER. I think we can save time, Mr. Wiprud, if you will confine your questions to developing the witness' knowledge of the competition rather than referring the witness to the map, which is in the record and speaks for itself.

By Mr. WIPRUD:

Q. Well, from your experience, representing the clients that you have enumerated, do you know whether or not there is competition from the South via the gateways which you have mentioned into the New York area?

A. Yes; there is.

Q. As I understand your testimony, Mr. Hoey, you are in favor of further unification—

A. Yes, sir.

Q. Similar to that proposed here?

A. Yes, sir.

Mr. WIPRUD. That is all.

Exam. BAKER. Mr. Hoey, do you find that there is any tendency among shippers to divide their freight among competing lines that operate to the same destination points?

The WITNESS. I do not think there is any fixed rule for that. It depends upon the approach that the solicitor makes, the amount of information that is available from his company, and through him to the account that he is calling upon. There are many things that enter into that that we usually experience with a man and his company. I do not think anybody could state definitely that
591 there is a fixed policy. I know in our office there is not.

Exam. BAKER. Those are all the questions I have. The witness is excused.

(Witness excused.)

Exam. BAKER. We will recess for 15 minutes.

(There was a short recess taken.)

Exam. BAKER. Come to order, please.

Mr. JOSELOFF. Mr. Faivre, will you take the stand, please.

H. A. FAIVRE, being first duly sworn, testified as follows:

Direct examination by Mr. JOSELOFF:

Q. Will you give your name and address to the Reporter, please?

A. H. A. Faivre, traffic manager, North American Rayon Corporation and American-Bemberg Corporation, Elizabethton, Tenn.

Q. Where is the location of the North American Rayon Corporation?

A. At Port Rayon, Tenn.; also the American-Bemberg Corporation, both plants manufacturing rayon yarns.

Q. Do you represent any other plants besides those two plants, Mr. Faivre?

A. No, sir.

592 Q. I will ask you whether you are testifying in reference to this application with the knowledge, approval, and consent of the officials of these companies.

A. Yes, sir.

Q. To what territories do these companies ship, principally?

A. To Eastern Trunk Line, New England, and Southern territories.

Exam. BAKER. What is the Eastern Trunk Line territory?

The WITNESS. That comprises the States of Delaware, Maryland, Pennsylvania, New York, New Jersey, Virginia, and West Virginia.

Exam. BAKER. Will you please speak up so that all of these gentlemen can hear you.

Mr. JOSELOFF. I would suggest, Mr. Faivre, that you face the counsel table a little more directly. It might be a little easier for all counsel to get your testimony, then.

The WITNESS. All right.

By Mr. JOSELOFF:

Q. Now, from what territories do you receive shipments?

A. From the same territories, and, in addition, the Central Freight Association territory.

Q. And what territory is that?

A. That is the territory embracing the States of Ohio, Indiana, Michigan, and Illinois.

Q. Do you have some figures as to how much tonnage is shipped by motor truck per year within the territories comprised
593 by this application?

A. Both companies ship by motor truck approximately 40 to 50 million pounds annually.

Q. That is outbound shipments?

A. That is outbound shipments.

Q. And of that how much would go into New England?

A. About 35 percent, I would say.

Q. About 35 percent?

A. Yes.

Q. That will be roughly about 15 million pounds, would you say?

A. Yes; about 15 million pounds.

Q. And about how much would go to the territory that you described as the Eastern Trunk Line territory?

A. Thirty-five percent.

Q. About the same amount?

A. That is right.

Q. Now, on your inbound tonnage, how much is received by these two plants in a year?

A. From the territories—

Q. From the territories involved in this application; yes, sir.

A. From five to ten million pounds annually.

Q. And of that inbound tonnage, what percentage would come from New England?

594 A. Possibly 10 percent.

Exam. BAKER. Is the five to ten million pounds the amount that you received by motor carriers?

The WITNESS. By motor carriers; yes, sir.

By Mr. JOSELOFF:

Q. And what percentage would be received from the territory that you have described as the Eastern Trunk Line territory?

A. About 75.

Q. Seventy-five percent of that tonnage?

A. Seventy-five percent of that tonnage.

Q. And that would be by motor carrier?

A. Motor carrier; yes, sir.

Q. Do you ship substantial tonnages by the Southeastern Motor Freight?

A. Yes; the Southeastern Motor Line handles approximately 20 million pounds to us, and from us, inbound and outbound shipments, of which the other lines in the proposed unification handle about 50 percent.

Q. Then, how much would you do with other carriers than those in this proposed unification?

A. Approximately the same amount.

Q. Can you name for the record some of these other carriers that are not in this proposed unification with which your companies are doing business at the present time?

A. Mason & Dixon Lines, East Tennessee & Western
595 North Carolina Motor Truck Transportation Company,
Rutherford Freight Lines, Inc., Mundy Motor Lines, Emmott Valley Transportation Company, York Motor Express, Hemmingway Brothers, Richmond-Pittsburgh Lines, Inc., State Parcel Corporation, Rogers Motor Lines, Inc., Smith Transfer Company, Wilson Trucking Company, Newburgh Transfer & Storage Company, New Jersey Forwarding Company, Novick Transfer Company, Passaic Transfer & Terminal Company, Jones Motor Company, Saul Trucking Corporation, New South Express, Amsterdam Express, Goodman's New York & Connecticut Express Corporation, Georgia Motor Express, Estes Freight Lines, and Inter-City Trucking Company.

Q. To have a clear understanding, this, as I understand it from your testimony—and you correct me if I am wrong—these carriers that you mentioned serve the territory comprised by the present application; is that correct?

A. Yes, sir.

Exam. **BAKER.** Do all of those carriers operate direct to your plants, or some of them inter-line carriers?

The **WITNESS.** Not all of them do. As a matter of fact, only a few of them do—Mason & Dixon Lines, East Tennessee & Western North Carolina Motor Transportation Company, and Rutherford Freight Lines only.

By Mr. **JOSELOFF:**

Q. Any others?

A. No.

596 Q. Of the carriers in this proposed unification, state whether or not Southeastern Motor Lines is the only carrier operating directly into your plants?

A. It is.

Q. You have been here this morning, all morning, Mr. Faivre?

A. Yes, sir.

Q. And you have heard the testimony of other so-called shipper witnesses on behalf of the applicant in this case?

A. I have.

Q. Are you familiar with the general nature and plan of this proposed unification?

A. Yes, sir.

Q. What is the basis of your knowledge of what is proposed here?

A. Information obtained from the representatives of the Southeastern Motor Lines.

Q. And have you also gathered additional information from attendance at this hearing?

A. At this hearing also; yes, sir.

Q. In your opinion, would the granting of the proposed application by the Interstate Commerce Commission be of benefit to the concerns you represent?

A. Yes, sir.

Q. Will you give us your reasons for that statement?

597 A. Well, it would help by the elimination of transfers. Any plan lessening the rehandling of goods is beneficial to shippers from the standpoint of better service; perhaps fewer claims, less breakage, less tracing, and better control over tracing, and also in connection with the reconsignment or recall of shipments, it would tend to lessen delays on shipments con-

signed beyond the lines of the applicant, because of fewer transfers, which no doubt would aid in the holding and developing of markets in distant or new territories. Anything tended toward better service and insuring economical operation is welcome.

Q. Now, I am interested in your comments on the developing of markets. Do you mean from the standpoint of competing with other concerns and from the standpoint of extending present markets?

A. From the standpoint of competing with other rayon producers, particularly those located in, say, Pennsylvania, West Virginia, Virginia, and Maryland.

Q. What is the problem at the present time in regard to competition from other concerns?

A. Well, the principal markets of rayon yarn are New England and the Eastern Trunk Line territory, and you might say Official territory, and we are farther removed from the principal markets, naturally, and need very good service in order to compete with our principal competitors.

Q. You heard Mr. Hoey testify as to the number of
598 concerns he represents in New England and the so-called Eastern Trunk Line territory.

A. Yes.

Q. And would those concerns be competitive with your concerns, or would some of them, at least, be competitive with the business of your concern?

A. I don't know that he is representing any of the rayon producers.

Q. I see, but at least the rayon concerns which you mentioned in this territory are competitive with your concerns.

A. You mean the rayon producers located in the South?

Q. I mean the rayon producers located in New England and Eastern Trunk Line territory are the ones you have in mind.

A. Yes.

Q. So far as competition is concerned.

A. Yes.

Q. Now, can you tell us what the present service is that you are receiving into New England?

A. Normally by truck, third morning or perhaps third day.

Q. Would that be increased if the shipments happen to arrive over the week end?

A. Yes. If they should arrive, particularly in New York, over the week end, I understand that they are not transferred because of the holidays or week end.

Q. What is your opinion as to the expediting of this service, particularly with reference to the time the shipments would take to go into New England?

A. Do you mean under this proposed unification?

Q. Under this proposed unification; yes.

A. Well, if through trailers were operated from our plants, or even Bristol, which is an interchange point—

Q. Is that Bristol, Va.?

A. Virginia-Tennessee—an interchange point with the E. T. & W. N. C. Motor Transportation Company—

Exam. BAKER. Let me interrupt you. Is your question directed to whether or not this unification would result in expediting the service?

Mr. JOSELOFF. My question was directed to the witness' opinion as to the time of delivery that would result if the proposed unification were to be approved by the Interstate Commerce Commission, between his plants in New England.

Exam. BAKER. Do you feel that this witness is qualified to answer that question? Is it not rather an operating situation?

Mr. JOSELOFF. I feel that it is, Mr. Examiner, but if the witness, from his knowledge of conditions, could testify as to that fact for the record, I would like it. However, I will withdraw my question now and lay a foundation for it, to see if the witness is, from his knowledge or experience, able to give me an answer to that question.

600 Exam. BAKER. Very well.

By Mr. JOSELOFF:

Q. Mr. Faivre, have you had some actual experience in the operation or transportation of freight?

A. Yes, sir; I was connected with the Norfolk & Western Railroad at one time, in the operating department.

Q. In the operating department?

A. Yes.

Q. Do you also, in your present capacity, have occasion to come into contact with operating problems of motor carriers?

A. No.

Q. Do you feel from your experience in the operating department of a railroad that you would be qualified to give your opinion as to the estimated time it would take on shipments from your plants to New England via the members of the proposed unification?

A. Yes; it seems to me it would be a simple matter to answer a question like that. Naturally, when you reduce transfers, you are going to expedite your deliveries—no question about that.

Q. Are you familiar with the general territory between your plants and New England, from a transportation standpoint?

A. Yes. I know what service we are getting today.

Q. Can you tell us what service, in your opinion, you would receive if the proposed unification were to be approved?

A. I think we would get to New York the second day, by the elimination of delay there at the New York terminals, of, 601 from, say, 12 to 24 hours. I might add in connection with the tracing of shipments to New England points, we have found out that shipments were delayed in New York.

Q. You found that as an instance of delay?

A. Yes.

Q. I was interested in your comments on less breakage. Do you have a peculiar problem of breakage, so far as your company is concerned?

A. Yes. We have a movement of glassware from Vineland, N. J.

Q. To where?

A. To Port Rayon, Tenn.

Q. Tell us something about that.

A. Well, I should say that at least 15 percent of the shipments we receive from Vineland, N. J., are damaged.

Q. Do you see a benefit that would result to your concern if the proposed unification were approved, so far as those shipments from Vineland are concerned?

A. It would depend altogether on whether or not it would lessen the transfers, the handling at terminal points. In the event that it would, it would be helpful in that direction.

Q. Mr. Faivre, in your opinion, would the proposed transaction, if approved, result in such a restriction of competition of other companies as to tend towards monopoly?

A. Because of so many truck routes available to us, and considering the fact that we have both rail, express, and freight 602 service, I am not convinced that the proposed transaction would restrict competition to such an extent as to tend toward monopoly. In other words, we would still have many other trucking concerns to transport our shipments besides those facilities in the proposed unification, which we would continue to use.

Mr. JOSELOFF. That is all.

Exam. BAKER. Cross-examine.

Cross-examination by Mr. WIPRUD;

Q. I am not sure, Mr. Faivre, that I heard the first part of your testimony in some particulars. Is it correct to state that approx-

imately one-half of your business during the past year moved over Southeastern Lines?

A. No, no; not by a great deal—our outgoing shipments.

Q. That is, of your outbound tonnage, about 50 percent went over Southeastern Lines?

A. Our outgoing tonnage by truck.

Q. By truck.

A. That is right.

Q. In addition to the Southeastern Motor Lines, what other motor lines serve your plant?

A. I think I made that statement—Mason & Dixon Lines, Rutherford Freight Lines, and the East Tennessee & Western North Carolina Motor Transportation Company.

Q. I believe your statement was that the other half of
603 your outbound tonnage moved over those lines?

A. Yes.

Q. That is, your motor truck outbound movement?

A. That is true.

Q. Are all of the other lines that you spoke of, which do not serve your plant, class I carriers, so-called?

A. They are common carriers.

Q. They are all common carriers?

A. They are all common carriers, and parties to the tariffs we use.

Q. Some of them are intermediate carriers; are they?

A. Some of them are.

Q. In speaking of the benefits which you anticipate would result from the proposed unification, is it your testimony that approximately one day will be saved in delivery to New England territory from your plants?

A. Yes; depending on conditions.

Q. Well, is that your testimony?

A. Yes; depending on conditions.

Q. And that benefit is to be effected through this unification?

A. That is right.

Q. You do not believe that that benefit could be effected unless the unification could be approved?

A. Oh, yes.

Q. Explain that.

604 A. These competing lines could do that, particularly if they are in a position to handle a trailer through from our plant to New England points.

Q. Well, if the competing lines could cut down that time one day, so could these so-called unified lines; could they not?

A. That is right.

Q. So, insofar as that benefit is concerned, it is not necessary to unify these lines in order to realize that saving in time?

A. No; it would depend altogether on whether the competing lines chose to operate trailers to New England points. In other words, it would depend altogether on whether they meet that competition by giving the same service.

Q. Do the trailers at the present time move all the way through from origin to destination territory?

A. They do not.

Q. Where are the points of interchange?

A. Well, in connection with the Southeastern, the interchange is made at Bristol, and connection with the Mason & Dixon is made at Kingsport and New York, or in some instances I think the interchange is made at Paterson, N. J., depending altogether on the line handling it north of the intermediate point.

Q. Well, Bristol is not the northern point of the Southeastern Lines; is it?

A. No. New York City is.

605 Q. So Southeastern is entitled to operate a trailer all the way through from origin to destination, insofar as your business is concerned; is it not?

A. To New York.

Q. But they do not do that.

Mr. JOSELOFF. The witness did not state that, Mr. Wiprud.

The WITNESS. No.

By Mr. WIPRUD:

Q. Do I understand your testimony correctly that the point of interchange was at Bristol?

A. It is.

Q. What do you mean by "interchange?"

A. Transferring from the initial line to either the Southeastern at Bristol or the Mason & Dixon at Kingsport.

Q. I was referring to the business that you move via the Southeastern Line, which is one of the initial lines, so far as your company is concerned.

A. That is right.

Q. Does it interchange at Bristol?

A. They wouldn't have to, if they would pick it up at our plants.

Q. Well, do they?

A. Sometimes.

Mr. JOSELOFF. Perhaps you could clear it up if you asked him at what points. In other words, we could interchange at Bristol from points south; but not to points like New York.

606 Mr. WIPRUD. I thought we were talking about business destined to New England.

THE WITNESS. Yes; we were talking about that, but let me make this clear, that they can and have called at our plant and picked up freight and taken it up to New York for interchange to connecting lines.

By MR. WIRUP:

Q. Well, insofar as the movement from your plants to New York is concerned, there is no need for unification in order to get through movement without an interchange.

A. That is right.

Q. Your competition is with the rayon producers in Pennsylvania, Maryland, and Virginia.

A. Yes, sir.

Q. And those producers are located, I take it, closer to the consuming areas.

A. That is right; to the principal consuming areas.

Q. And you believe that this unification, if I understand your testimony correctly, would place you in a better position to compete with these producers.

A. Yes, sir.

Q. Will you explain in what way?

A. Because they have overnight service there, and we do not.

Q. Would the rates have anything to do with it?

A. Not a thing in the world.

Q. Will you explain that, too?

607 A. Well, of course, naturally, the rates would have something to do with it. I will correct that. The rates would have nothing in the world to do with it. It is all done on a delivered basis.

Q. On a delivered basis?

A. Yes, sir. Naturally, it would cost us more to deliver it than those particular producers.

Q. Do you anticipate as one of the advantages of this unification, that you will obtain lower rates?

A. No, sir.

Q. Now, Mr. Faivre, if through this unification it is possible to reduce the operating schedule by one day of 24 hours—

A. Twelve to twenty-four hours.

Q. Twelve to twenty-four hours, and it is not possible to do it under existing conditions, what, in your opinion, would be the effect upon competition?

A. Will you please restate that.

MR. WIRUP. Will you read that question, Mr. Reporter?

(Question read.)

THE WITNESS. I don't quite understand what you are trying to get at.

By Mr. WIPRUD:

Q. Well, if you could ship over the unified lines at a saving of from 12 to 24 hours, would you be inclined to turn more of your traffic over to the unified lines than you do to these competing lines that you have listed?

608 A. Not necessarily.

Q. Will you explain that statement.

A. Well, it would depend altogether on the conditions on the day that the shipments were to be made.

Q. Well, would the tendency be to turn more of the business over to the line that would get your goods there the quickest?

A. No; because under our traffic policy we divide the traffic between several different routes that we have selected, and in all probability we would continue to do so.

Q. Regardless of the saving in time?

A. Regardless of the saving in time.

Q. So that saving in time is no particular consideration?

A. No, no; it is not.

Mr. WIPRUD. That is all.

Mr. JOSELOFF. I would like to ask the witness a couple of further questions.

Redirect examination by Mr. JOSELOFF:

Q. Well, the saving of time would be a consideration, would it not, where you had to compete with other competitors in connection with the products—

A. I think I have already covered that.

Q. I do not think you understood Mr. Wiprud's last question when he said that the saving of time would be of no concern to you.

608 A. It would, in so far as meeting competition of our competitors, naturally.

Q. I did not think you understood the question, and that is why I wanted to clear it for the record.

A. That is the point I have been trying to make—

Exam. BAKER. Just a moment. Just answer the question. Is there any question of the witness now?

Mr. JOSELOFF. I have one more question, if I may ask it.

By Mr. JOSELOFF:

Q. In answer to a previous question by Mr. Wiprud, you said that, in your opinion, the proposed unification, if approved by the Commission, would not result in lower rates. I wonder if you will explain what you meant by that.

A. Well, I don't anticipate at the present time that there would, but I can't look at the future. I don't know what is going to transpire after this proposition is approved.

Q. Well, what tendency would it have, insofar as rates are concerned, in your opinion?

A. Well, on account of lower operating costs, I should say the lines represented would be in a better position to lower rates, perhaps, than the other lines.

Q. Would it have any effect on the stabilization of rates, in any event, in your opinion?

A. I have always understood that—I imagine these lines involved will continue to be represented in the various rate conferences, and they control the situation, but I do not see how they can force rates down.

610 Mr. JOSELOFF. That is all I have. That is all. Thank you.

Mr. WIPRUD. May I ask just one further question.

Re-cross-examination by Mr. WIPRUD:

Q. You were speaking about rate conferences—

A. Excuse me a minute—without the consent of the lines not involved in this, I do not see how they could. They cannot under the present set-up.

Q. In other words, do these rate conferences meet for the purpose of determining what rates are to be in a given area?

Exam. BAKER. Well, I do not think we will go into that, Mr. Wiprud. It is not relevant to this proceeding.

Mr. WIPRUD. I will withdraw the question.

By Mr. WIPRUD:

Q. Mr. Faivre, just to clear up this point, you testified, I believe, that to the extent that it was necessary for you to meet competition of the rayon producers in the areas that you mentioned, in Pennsylvania and Maryland and Virginia, the time element is a matter of consideration to the extent that it is necessary for you to meet that competition, and you would be inclined, would you not, to use the service of a carrier that could give you the shortest time in transporting the products of your mills to the consuming centers?

A. Normally, that is true.

Q. Yes; and to that extent, then, tonnage would be taken
611 away from the independent lines in order that you could meet your own competition?

A. What do you mean by "meet our own competition"?

Q. The competition on this business.

A. What?

Q. The competition on this business.

A. You mean so far as service is concerned?

Q. Yes.

A. By our competitors?

Q. Of your competitors—the tendency would be to use the line that you could get your products to the destinations in the shortest possible time.

A. Naturally.

Q. Yes; and to that extent, then, the independent motor carriers that remained would be at a disadvantage; is not that correct?

A. Well, no. No; they have an opportunity to meet this rate.

Q. Then, the service could be met without this unification?

A. Well, it possibly could be met by another unification, too.

Q. Well, it could be met without the unification.

A. Well, that would depend altogether on the conditions at the time.

Q. Well, could it be done, Mr. Faivre?

A. Possibly so; but the only way I could see how they could do it into New England territory—and that is what we are speaking about now—would be the operation of trailers from our mills to ultimate destination in New England.

Q. Such as Southeastern now has from your mills to New York?

A. That is right.

Mr. WIPACD. That is all.

By Mr. O'BRIEN:

Q. Mr. Faivre, I am interested in this glass movement from Vineland, N. J. Could you give us the names of the companies that you use in that movement?

A. That is Saul Trucking Company, Southeastern, and E. T. & W. N. C. Motor Transportation Company.

Q. As I understand your testimony, you said there was approximately 50 percent damage in the movement of that glass; is that correct?

A. You misunderstood me; it was 15 percent.

Q. Fifteen percent?

A. Yes.

Q. I understood you to say 50, and I thought it was excessive. Now, would you say that that 15 percent damage was the result of the transferring of that merchandise from one truck to another, or would you say that it was the result of packing in the factory at Vineland?

A. I would say that it was the result of transferring from one trucking line to the other.

Q. Have you examined some of these shipments?

A. Yes, sir; the shipments are very well packed—very well
613 packed.

Q. Now, could you tell us something about this delay at New York and its cause?

A. And its cause?

Q. Cause.

A. Well, I can't answer that in all respects. Some shipments that we traced we found were delayed in New York, because at the time they would get in there it would be too late to make transfer, and they would have to hold it there until the next day.

Q. That does not happen to be the reason, of course, in all cases, does it?

A. Well, I can't answer that.

Q. Well, so far as your investigation is concerned.

A. So far as our investigation is concerned, it was due to that fact; yes.

Q. That would not be caused as the result of faulty equipment or the lack of labor; would it?

A. I can't answer that.

Q. Now, with reference to the reconsignment or recall of shipments, to which you testified, could you elaborate on that a little bit, as to just what you meant by that?

A. Why, yes. We had this experience in shipments going routed in connection with the Southeastern and Mason & Dixon Lines.

614 There may be one, and sometimes two connecting lines beyond that, and we have had this experience: As long as they are in the hands of either one of these two systems, they can locate them and they come back to us on reconsignment to some other customer more quickly than if they get beyond there. In other words, if the traffic gets out of their hands, it is harder to accomplish these diversions and recalls.

Q. So far as the question of recall is concerned, would that be occasioned by faulty addressing of the shipment in your shipping department?

A. It may be, or it may be that the customer does not need the goods and somebody else does, or it is bad accounting, or something like that.

Q. So that regardless of the approval or disapproval of this application, you would still have that condition existing in your own shipping department?

A. Oh, yes; sure.

Q. Would you say that the same would be true in so far as the question of reconsignments of goods is concerned?

A. Yes.

Q. Now, could you tell us, Mr. Faivre, if at your particular plants, the trucking companies that you have named here are supplying help for the purpose of loading and unloading the equipment?

A. They are doing that. They come in and pick it up.

Q. Would you tell us the number of employees that are
615 used in that operation?

A. Usually two men to a truck.

Q. Those trucks are not loaded by your employees?

A. No, sir.

Q. Those men are not stationed at your platforms, your loading platforms?

A. No, sir.

Q. All day long?

A. No, sir.

Q. The men who arrive there with the trucks.

A. No; they are not. Well, in one case they may send out two or three trucks, and they wait around there. Likewise, our shipping department may be waiting for the freight.

Mr. O'BRIEN. That is all.

Exam. BAKER. Mr. Faivre, you stated the amount of your traffic which moves by motor carrier. What proportion of your total shipments is comprised of motor carrier shipments? Do you have more by rail than you do by motor carrier?

The WITNESS. Outgoing shipments?

Exam. BAKER. Yes.

The WITNESS. No; approximately 95 percent of our outgoing shipments today—no; I will have to take that back, on account of a recent development—we have recently been making shipments in carloads, since we have had a carload rate, in through cars to New York, and we had to take that tonnage away
615 from the truck lines, on account of cheaper rates.

Exam BAKER. I take it, then—

The WITNESS. Up until that period, our movements outbound, that is truck movements, amounted to approximately 95 percent.

Exam. BAKER. What would it be now?

The WITNESS. What would it be now?

Exam. BAKER. Yes.

The WITNESS. It would still be about 50 to 60 percent.

Exam. BAKER. I take it from your previous statement, then, that there is rather strong competition between the rail lines and motor carriers for your business.

The WITNESS. That is right—rather keen right now.

Exam. BAKER. That is all I have of this witness.

Mr. WIPRUD. Before the witness leaves, may I ask just another question?

By Mr. WIPRUD:

Q. You have indicated a strong competition between rail and motor carriers. Is that competition based upon service or rates?

A. Rates altogether.

Q. Rates altogether?

A. Yes, sir.

Q. In other words, are the truck rates lower than the prevailing rail rates?

A. No; the rail is lower than the truck rates.

Q. So that competition is based largely on the more flexible service of the motor carrier.

A. I beg your pardon?

Q. The competition is based upon the difference in the service; is that right?

A. No; it is based on difference in rates.

Exam. BAKER. Well, actually, Mr. Faivre, don't you, in determining whether a shipment is going by motor carrier or by rail, have to consider both the service and the rate? You consider both of these aspects; don't you?

The WITNESS. No.

Exam. BAKER. Well, when you decide—

The WITNESS. Except in the case of extreme emergency.

Exam. BAKER. Well, I say you have to give consideration to both of those problems do you not?

The WITNESS. Well, there is such little difference that we never had occasion to do that.

Exam. BAKER. I understood you to say that previously you gave about 95 percent of your outgoing shipments to motor carriers.

The WITNESS. That is when the rates were on a competitive basis.

Exam. BAKER. And that you gave that proportion of your shipments to motor carriers because you thought generally they gave you better service.

The WITNESS. That is right.

618 Exam. BAKER. And when the railroad give you lower rates, you transfer a certain proportion of your traffic to the railroads?

The WITNESS. That is right.

Exam. BAKER. Well, in determining the traffic which would go to the motor carriers, you gave consideration to the better service, and also as to whether or not that better service would justify the payment of the higher rate; did you not?

The WITNESS. No; because all of our yarn is sold on a delivered basis. We pay the freight, and we use the lowest rate, invariably.

unless the customer should choose to pay the difference between the lowest rate and the higher one.

Exam. BAKER. Is it true, then, that all of your shipments would go by rail unless the shippers should specify the motor carrier delivery?

The WITNESS. No.

Exam. BAKER. What would you do, then?

The WITNESS. We pay very little attention to the customer's routing. We control the routing. We may use the customer's routing if he can show it is more convenient than the routing we choose.

Exam. BAKER. Why do you ship any part of your merchandise by motor carrier at the present time since their rate is higher?

619 The WITNESS. Because we cannot take advantage of the carload rates right now, in certain instances, by pooling cars and using stop over privileges.

Exam. BAKER. It would be less-than-carload freight, then?

The WITNESS. It would be less-than-carload against motor truck on that particular tonnage, you see.

Exam. BAKER. Do you have any further questions, Mr. Wiprud?

Mr. WIPRUD. I have this statement to make in connection with that situation, Mr. Examiner, that perhaps in this statement we find the reason why a reduction of rates is not feasible as a result of the claimed economies of this unification, and perhaps it will be found in the witness' suggestion. Therefore, I would like to suggest to the Examiner the pertinency of making some inquiry into that, in connection with this proceeding.

Exam. BAKER. I do not see that it is relevant to this proceeding, Mr. Wiprud. We do not go into rate matters in our section.

Mr. WIPRUD. I understand, Mr. Examiner, but it is merely going into the reason why a reduction in the rates would not be effected as a result of the claimed economies of this unification. It is a condition and not a rate or a scale of rates that has to be considered.

620 Exam. BAKER. What would you hope to show that would be relevant to the question of whether or not this unification would be consistently in the public interest?

Mr. WIPRUD. Only this, as I see it, Mr. Examiner, that despite these claimed economies which it is contended will result from this unification, the benefit to the public by way of a reduction in the rates cannot be effected because of another agency which exists amongst themselves to determine what a given rate shall be. In other words, there is a further step that will have to be passed before the benefits that are claimed can be passed on to the public by way of a reduction in the rates.

Exam. BAKER. Mr. Wiprud, the Interstate Commerce Commission is given jurisdiction under other sections of the Act over the rates involving motor carriers. They may order reductions, or in some cases they fix the minimum rates, and a proceeding of that kind is wholly foreign to a unification proceeding, and I must adhere to my former ruling that we will not go into the question of fixing rates in this proceeding.

Mr. WIPRUD. I respectfully except to the ruling, Mr. Examiner.

Exam. BAKER. The exception will be noted. Are there any further questions of this witness, Mr. Joseloff?

Mr. JOSELOFF. No.

Exam. BAKER. The witness is excused.

621 (Witness excused.)

Exam. BAKER. Before you call any other shipper witnesses, I would like to request that, both on direct and cross-examination, we refrain from questioning the witnesses with respect to operating matters. We have already had on the stand, and probably will have additional witnesses, who are obviously much more qualified than representatives of these shippers to testify as to the economies which could result from this expedited service. I feel, in the interest of expediting this proceeding, it is unnecessary to question the shipper witnesses on that subject, but, rather, that you confine their examination to the benefits which they might derive from the anticipated economies or expedited service, or whatever it is claimed will result from this transaction. Off the record for a moment, Mr. Reporter.

(Discussion off the record.)

Exam. BAKER. On the record. You may call your next witness.

Mr. COCHRAN. Mr. Greer.

W. E. GREER, Jr., being first duly sworn, testified as follows:

Direct examination by Mr. COCHRAN:

Q. State your name and place of residence.

A. W. E. Greer, Jr., Greenville, S. C.

Q. What is your business?

622 **A.** Textile business.

Q. What position do you hold in the textile business?

A. Assistant treasurer and secretary of Judson, Mills, Greenville, S. C.

Q. Is that plant located in Greenville, S. C.?

A. Yes, sir—within a mile of the city limits.

Q. What does it manufacture?

A. Principally rayon fabrics; some fine cottons.

Q. Do you have direct charge or supervision of the shipments in and out of that plant?

A. Yes.

Q. About what amount, in tons or pounds, do you ship out each year?

A. Our outbound shipments amount to slightly under 10,000,000 pounds yearly.

Q. And your inbound shipments, if you can give them?

A. You mean by truck or the total? I would say it runs about two to one—over 20,000,000 pounds.

Q. What areas do you ship into?

A. Principally into what is known as Paterson or the New York area, and into New England.

Q. What proportion of your shipments, if you know, go by rail and what proportion by motor transportation?

A. Approximately 88 percent by truck and 12 percent last year by rail.

623 Q. Can you name the motor carriers operating in your area that you use for the transportation of your products?

A. In and out, do you mean?

Q. In and out.

A. Well, there are, I should say, about twelve or more lines that we use.

Q. Will you name them?

A. Of course, we have Transportation, Horton, Atlantic States Motor Lines, Harris Brothers, Akers Motor Lines, Mundy Motor Lines, Miller Motor Lines, New South Express, Textile Truckers, Lewis & Holmes Motor Freight, Mountain Truckers, and Crown Motor Line. Those are the principal lines.

Q. Do you give those lines a part of your business regularly?

A. Inbound, yes. As far as outbound, most of our goods are routed by the customers themselves—a large part of them are.

Q. Under routing orders?

A. Yes.

Q. Can you name the trucking companies that carry your goods, or are available for such carrying, from Greenville to the metropolitan area?

A. We have Transportation, Horton, Atlantic States, Miller Motor Lines, I believe, and I am not sure about Harris Brothers. Those other four have terminals in Greenville.

Q. Are there any other truck lines operating?

624 A. The other truck lines have terminals in Charlotte, nearby, but do not have a terminal in Greenville.

Q. Are there several of those that operate in that manner?

A. Yes.

Q. They come into your area and pick-up and deliver in the metropolitan area?

A. Yes, sir.

Q. In metropolitan New York?

A. Yes.

Q. Do you know the names of the companies included in this consolidated proposal?

A. I think most of them; yes, sir.

Q. Which ones operate in your territory?

A. Well, there is Transportation, Barnwell, Southeastern, and Horton, I believe. They are the principal ones—Southeastern more into the mountains to the west of us.

Q. You do not ship directly by McCarthy?

A. No, sir.

Q. Arrow?

A. No, sir.

Q. Consolidated?

A. No, sir.

Q. Moran?

A. No, sir.

Q. Do you know where those companies operate?

A. Arrow, I think, is mainly in the East. Moran—

625 Q. Well, you need not name them specifically.

A. Well, into Buffalo and New England area.

Q. Have you formed an opinion as to what would be the result to the public generally if this unification and consolidation were permitted by the Interstate Commerce Commission and were brought into effect?

A. Well, in my opinion, it would create safer and faster service, one that is more efficient, more flexible and economical.

EXAM. BAKER. I believe we are now getting into the questions that I hoped to avoid. Could you not frame your questions in such a way that, for instance, if the proposed unification resulted in a speed-up in service, would it be of benefit to him as a shipper.

Mr. COCHRAN. That is a very good way to put the question.

The WITNESS. Yes, sir.

By Mr. COCHRAN:

Q. If this consolidation is permitted, will it result in benefits to you as a shipper and to your customers?

A. Yes, sir.

Mr. WIPRUD. Just a minute, Mr. Examiner. That is not the suggested question.

Mr. COCHRAN. In what way?

Exam. BAKER. That is just the point I wanted to avoid. I do not believe these shipper witnesses are qualified to testify to the operating results of this unification; that is, as well 626 qualified as some expert witnesses we have had who are operating men. It has already testified that there would be savings in time and certain economies, among other things. I would prefer that you merely ask this shipper that if the unification would result in a saving of time, would it be of benefit to him, and these other matters of which he would have personal knowledge.

By Mr. COCHRAN:

Q. Assuming that this unification would result in economies and in a more expeditious carrying of freight and the saving of hours and time in transporting freight, and afford a better service generally, what, in your opinion, would be the result to the public generally?

A. It is bound to be of advantage to the public, because, as far as we are concerned, it would be a help to us. It would eliminate an excess number of trucks at the loading platform, in and out-bound, which is quite a problem. In our case we had to build extra space for them at extra cost. It would be easier tracing shipments in case of any claims that would come up where there are transfer lines. As I said, a large number of our shipments go into New England area, so that there is not so much transfer of lines in our case. One line handles it through, and only a small percentage goes to New England—

Q. Would a shortening up of the time be advantageous to your customers and to you?

627 A. Certainly. The time element in the moving of freight is very important. At least, they seem to think it is.

Q. Do you have competition in your business?

A. I think we have considerable. I would not say how many rayon manufacturers there are in the United States, but there is quite a number. It is very competitive, highly competitive.

Q. On the question of savings in time on shipments, that would bring you nearer to the markets, and in that respect it would be of advantage to you?

A. Yes, sir.

Q. Assuming that there would be elimination of interchange of traffic on direct shipments from your place of business to the New York Metropolitan area, would that result in an advantage to you or to your customers?

A. Well, it certainly makes it speedier, and it is easier to follow shipments, and so forth, but in our case there is very little transferring done. Most of these lines go straight through.

Q. Do you finish your goods?

A. Everything is sold entirely in the gray f. o. b. the mill, and they have it finished and give us our shipping instructions.

Q. Then, as a matter of fact, you ship it to the finishers in the metropolitan area?

A. We ship it to the finishers and to the converters, 628 themselves.

Q. Do any of your shipments go into the New England area?

A. Approximately 9 to 10 percent, mostly cotton goods.

Q. Have you named all of the carriers furnishing or offering to furnish service to your plant on shipments? I believe you named four or five.

A. That is all I recall at the present time.

Q. There are numbers of others?

A. We are under routing instructions, and we go to quite a lot of difficulty to find them. We call New York back and ask them where to locate that particular line, so that we can notify them, in numerous cases going right into New England.

Q. You do not mean that those you named were all in New York?

A. No, sir; just the principal ones.

Mr. COCHRAN. That is all the questions I care to ask.

Exam. BAKER. Cross-examine.

Mr. WIPRUD. I have just a few questions, Mr. Examiner.

Cross-examination by Mr. WIPRUD:

Q. What proportion of the business that moves by truck from your plants moves over the lines of the carriers involved in this unification?

A. You mean the total in and outbound?

Q. Well, let us take the total outbound, first.

A. I would say about 80 percent.

Q. Eighty percent of it moves over two lines involved 629 in this unification?

A. Yes, sir. That is routing request, routing instructions of the buyer.

Q. Yes. I think you have already testified that you have direct service now.

A. That is right.

Q. Between Greenville and New York City.

A. Yes. In connection with our inbound shipments, it runs about 25 to 30 percent.

Q. Twenty-five to thirty percent?

A. Yes.

Q. When you speak of inbound shipments, where do those shipments originate?

A. Principally in the rayon-producing areas mentioned by the previous witness. That is, Viscose has a plant at Marcus Hook, Pa., Lewiston, and Roanoke, Va., Parkersburg, W. Va., Meadville, Pa.; also Ancell in Cumberland, Md.; American-Bemberg plants at Elizabethton, Tenn.; American-Enka is at Asheville, N. C. The shipping point is called Enka. DuPont is at Old Hickory. We use all of the producing plants in the United States. We have to with such large consumers.

Q. On your inbound business, what percentage would you say would be competitive between the independent lines that you have mentioned, and the two lines to be unified in this
630 proposal?

A. Well, roughly, I would say practically all of it—95 percent, at least.

Q. Ninety-five percent of it would be competitive?

A. Yes; maybe a hundred percent. I would have to check it.

Q. Would you say that today the business inbound moves largely by combination of two or more carriers?

A. I would say over 50 percent of it, probably.

Q. To the extent, then, that you could move your inbound shipments over lines of one carrier, assuming this unification were approved, would it be your tendency to divert tonnage to that single-line carrier?

A. The answer to that direct question would be one.

Q. Will you explain your answer, Mr. Greer?

A. It is much easier and simpler for us to have one truck coming in and one truck going out, to get a solid truckload to various points, rather than be interrupted throughout the day by the trucker, every 15 minutes, which happens at the present time. Of course, they do load and unload, themselves, but the platform is always crowded. I don't feel, and nobody would be foolish enough to give all the business to any one line. We have seen that, and have distributed it among the lines on which we think is an equitable basis. Of course, one of the primary requirements is speed in delivery, because, for the last year, the
631 textile industry has operated on a hand-to-mouth basis,

without enough yarn to run on, and if a shipment is delayed in transit 24 hours, we have to shut down the looms, which costs us money, naturally; but in answer to your question, it is not to be our policy to switch the business over. They would probably get about the same percentage that they are getting at the present time, unless the deficiency got to such a point that it would mean closing down our looms.

Q. Then, insofar as this proposed unification is concerned, it would not change your methods of transporting inbound business?

A. Not very much; no, sir. We have that practice definitely set.

Q. There would be nothing in the economies that you talk of here that would impel you to do so?

Mr. SULLIVAN. I object to that question, Mr. Examiner. We did not go into that on direct.

Mr. WIPRUD. We are talking about economies here.

Exam. BAKER. You did not ask whether this transaction would result in economies. You asked whether or not, on the basis of the testimony given with respect to economies, whether that would impel him to make a change in his policy with respect to shipments.

Mr. SULLIVAN. The only point I make is that it has not been determined whether he knows of any economies, or what they are; so that he could answer the question.

632 Exam. BAKER. Have you heard the testimony this morning?

The WITNESS. No; I only heard the testimony of the previous witness; that is all.

Mr. WIPRUD. Mr. Examiner, all through the direct examination there was nothing but a discussion of the economies to be effected in connection with this proposed unification.

Exam. BAKER. Suppose you reframe your question.

By Mr. WIPRUD:

Q. Your testimony, I believe, Mr. Greer, was that the proposed unification would be of benefit to the shipper.

Exam. BAKER. No; he did not testify to that, Mr. Wiprud. That is what we are trying to keep away from. He testified that if certain things resulted, it would be of benefit to the shipper.

Mr. WIPRUD. All right.

By Mr. WIPRUD:

Q. If the proposed unification would result in economies of transportation and increased efficiency in transportation, and the elimination of interchange in transportation, would those results impel you to change your present method of handling your inbound business?

A. It might change—it might impel us to reroute certain items which were in a particular hurry. As far as economies are concerned, the principal ones I am speaking of here. The principal raw material is rayon. Rayon is sold at a flat price delivered, and so the freight rate does not affect the raw material price to us.

633

Q. Well, if the result would not be to materially change your method of doing business, what possible effect would this unification have upon you as a shipper?

A. Well, it would cut out quite a lot of annoyance by having excess trucks back up to the platforms, in and out, all day long. As I tried to explain, it would be quite a benefit on that, and in the customers getting their goods to New York, which is their primary market, and which is a pure time element.

Q. Is that the extent of the benefits which you anticipate?

A. I do not know of any other benefits. I don't know anything about rate structures or prices, or anything like that.

Mr. WIPRUD. That is all.

Exam. BAKER. The witness is excused.

(Witness excused.)

Exam. BAKER. We will adjourn until 2 o'clock.

(Whereupon, at 12:40 o'clock p. m., a recess was taken until 2 o'clock p. m., of the same day.)

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AFTERNOON SESSION—2:00 P. M.

Exam. BAKER. Come to order, please. Gentlemen, before we start with the examination of the witnesses—this is off the record, Mr. Reporter.

(Discussion off the record.)

Exam. BAKER. Let us go back on the record now. Will you call your first witness.

Mr. SULLIVAN. Before doing that, Mr. Examiner, you made a request when Mr. Arnold of the Transport Company was on the stand that we furnish you with copies for your record of the lease agreement between the Arrow Carrier Corporation and the Transport Company, the agreement involving the purchase of the Arrow stock by Transport Company and the subsequent agreements with respect to extension of the time and modification of those agreements. I have here for you those documents which you requested, with the exception of the original—copy of the original contract of May 2nd between Arrow Carrier Corporation and the Transport Company, and that I will have as soon as one can be found around New York somewhere. So I thought at this time I will give you these.

Exam. BAKER. Do you have a witness here who can testify as to the accuracy of those documents?

Mr. SULLIVAN. I am fearful I have not. Mr. Arnold had them photostated from the documents which he had here and

635 from which you made the request. Let's see. The only thing I could do would be to verify them later perhaps.

Mr. Ackerman has gone. I am just looking to see if there is—I

can get Mr. Arnold back from New York. He had to go home. We were keeping him here, but he had to go home because of his physical condition.

Exam. BAKER. Well, will it be satisfactory to the other parties if Mr. Arnold verifies the documents?

Mr. SULLIVAN. Incidentally, they are copies, but they are certified by Mr. Arnold. I know his signature and I can perhaps verify his signature.

Exam. BAKER. Have you any objection to receiving the documents in evidence?

Mr. WIPRUD. I have not seen them.

Mr. SULLIVAN. I will be happy to show them to you. I understand, Mr. Examiner, that either similar copies or duplicate originals of the agreements themselves are already in the Commission's files in conjunction with some other matter, so that these could be verified from that.

Exam. BAKER. I believe some of them are, but not all of them.

Mr. SULLIVAN. I wouldn't know. I was just told that the Commission had copies.

Mr. WIPRUD. Suppose you call your witness.

Mr. SULLIVAN. Surely.

636 Exam. BAKER. Suppose we mark them for identification first, Mr. Sullivan. Do you have copies of those?

Mr. SULLIVAN. No; I have not. I think I specifically asked you if we should offer them as an exhibit, and you said could we supply a copy of these documents for the record, and I interpreted that to mean that you wanted them for the Commission's files in this matter rather than as an exhibit in the case.

Exam. BAKER. Oh; that was not my understanding. I indicated in connection with some articles of incorporation, I believe, that no additional copies would be required, but in connection with those documents, unless you have copies available for opposing counsel at this time, I will not mark them for identification. I suggest that you obtain sufficient copies.

Mr. SULLIVAN. All right. My only point is—perhaps I misunderstood your request. He had already testified as to the documents, or to the substance, without objection, and you asked if we could supply a copy for the record, so I interpreted that to mean that it was to complete the Commission's files in the matter rather than as an exhibit, because we were not offering them.

Exam. BAKER. Well, in connection with the documents requested, unless specific objection is made, you should plan to
637 furnish copies to opposing counsel, the same as any other exhibit.

Mr. SULLIVAN. All right. We had not anticipated they were to be an exhibit. We will undertake to have additional copies made of them.

Exam. BAKER. In connection with your statement as to Mr. Arnold coming down from New York to testify to the documents, I might ask intervenors if there would be any objection if Mr. Arnold verifies before—or acknowledges the accuracy of the documents before a Notary Public. Would there be any objection to receiving them in evidence in this proceeding?

Mr. SULLIVAN. In the meantime you can be looking at them. I did not mean to take them away from you.

Incidentally, I just realize what you asked for. That original contract in the Arrow-Transport deal is a rather voluminous bunch of papers, for some reason or other, and it is really going to be something to have photostated and a lot of copies made of them, because we have to work with a photostat copy to start with.

Exam. BAKER. If all the parties will agree to incorporate that document by reference to the MC-F No. 1223 Docket, it will be satisfactory to the Examiner.

Mr. SULLIVAN. I think—Mr. Wiprud, I am about, or I do now, make a request that the original contract between the Arrow Carrier Corporation and The Transport Company, copy of which is in the Commission's files in case MC-F 1234—

638 Exam. BAKER. Isn't it 1223?

Mr. SULLIVAN. 1223, 1244, and 1264, be incorporated by reference, and there have been no amendments in that contract. Except as it may be amended by these documents here, there are no changes. These are the amendments which I can't have copies made of.

Mr. WIPRUD. Well, Mr. Sullivan, these copies of leases here and so forth, they were not part of the record in the former proceeding.

Mr. SULLIVAN. No, and I am not asking that they be incorporated by reference.

Mr. WIPRUD. Only Arrow.

Mr. SULLIVAN. I am referring only to the original contract of the Arrow-Transport deal, to which these pertain, and which original contract is in the Commission's files in the case numbers which I gave.

Mr. WIPRUD. No objection to that.

Exam. BAKER. Any objection by any intervenor?

Mr. WIPRUD. No.

Exam. BAKER. If not, the document described will be incorporated in this record by reference.

Mr. SULLIVAN. Mr. Altwater, will you take the stand.

JOHN P. ALTWATER, being first duly sworn, testified as follows.

THE WITNESS. John P. Altwater.

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Mr. O'BRIEN. Would you mind repeating that?

The WITNESS. John P. Altwater. A-l-t-w-a-t-e-r.

Direct examination by Mr. SULLIVAN:

Q. Give your address, please.

A. 22 Roseville Street, Buffalo, N. Y.

Mr. SULLIVAN. May I have just a second? I want to see Mr. Richer here.

Exam. BAKER. Off the record.

(Discussion off the record.)

Mr. SULLIVAN. May I digress just a minute, perhaps on the record or not, as you choose.

Mr. Reicher, who just came in, informs me that Tuesday morning would be the earliest he would be in a position to testify, and that under those circumstances he would have to come in here with not more than six typewritten copies of his exhibits, or probably five, because he will have to have one sent to the photostater; so that we would be in a position to have five copies available here to proceed with his examination at that time. In the meantime they would be at the photostat place, having such additional copies made to send to any parties who may have come in in the meantime, but I think we have enough for working purposes as to those persons actively engaged here now, and then within a day or so afterward we would have photostat copies sent by mail or otherwise to such parties.

640 Exam. BAKER. At the present time there seem to be only three intervenors who are present. Five copies will probably be sufficient.

Mr. SULLIVAN. Well, having that in mind, I can say directly to you that Mr. Reicher will be ready to proceed on Tuesday.

By Mr. SULLIVAN:

Q. Mr. Altwater, you are connected with what company?

A. The M. Moran Transportation Lines, Inc.

Q. And you are with that company in what capacity?

A. As vice-president.

Q. You have been connected with that company how long?

A. Ten years.

Q. And are there any other vice-presidents?

A. No.

Q. Are you the executive vice-president?

A. Yes.

Q. Prior to your association with the M. Moran Transportation Lines, Inc., were you in the transportation business?

A. Yes.

Q. Will you describe what—

A. I was with the National Carloading Corporation for about two years.

Q. And were you prior to that time in some sort of business?

A. Yes, sir. I was with the Ford Motor Company, connected with their traffic department.

641 Exam. BAKER. Will you raise your voice, please?
The WITNESS. Yes, certainly.

By Mr. SULLIVAN:

Q. Now, as executive vice-president of the company are you familiar with substantially and in direct charge of the affairs of that company and the books and records thereof?

A. I am.

Q. And you are familiar with the business of that company?

● A. Yes.

● Q. And its operations?

A. Yes, sir.

Q. I ask you, Mr. Altwater, whether or not there have been any changes since the hearing in MC-F 1223 with respect to the charter of that corporation.

A. No; there have not.

Q. Are you connected with the applicant company, Associated Transport, Inc.?

A. Yes; I am a director.

Q. And are you a stockholder to some extent in that company?

A. Yes.

Q. You might let the record show, although it is in evidence, how many shares of stock you have.

A. 2,808 shares.

Q. Of the common stock?

A. Of the common stock of Associated Transport.

642 Q. You are not a stockholder of M. Moran Transportation Lines, Inc.?

A. No; I am not.

Q. Can you give us just a very quick history of the M. Moran Transportation Lines, and when it commenced business, what it does, and how it has expanded?

A. The M. Moran Transportation Lines—

Q. And speak up, if you will. It is difficult for the Examiner to hear you.

A. Has been in existence since 1905, started by Moses Moran as a local trucker in the City of Buffalo. Along about 1921 that company was formed into a corporation, I believe called the M.

Moran Transportation Company, operated by the sons of Moses Moran. They were engaged in hauling commodities generally between Buffalo and adjacent points, such as Rochester, Niagara Falls, and I believe Syracuse, and more specifically for the A. & P. Tea Company. Somewhere about—

Q. Just a moment. Do you mean commodities generally for the A. & P. Tea Company, or they hauled in addition to commodities generally, that they had a contract with the A. & P. Tea Company?

A. I mean in addition to the commodities generally. Along about 1931, I believe it was, there was a segregation of the general trucking business and the contract business that the Moran
643 people had for the A. & P. Tea Company. I believe the name of the general trucking company was at that time the Safe-Tea Lines.

Q. Spell that.

A. S-a-f-e-T-e-a Lines.

The Moran Transportation Company continued to handle as a contract operation the trucking for the A. & P. Tea Company. About a couple of years after that the Moran people decided to get a name more in keeping with the operations for the A. & T. Company and formed the Pacific Transportation Company and—

Q. Wait a minute. Lest the record be confused, what happened at that time was the name of M. Moran Transportation Lines was changed to the Pacific Transportation Lines, Inc. Isn't that so?

A. That is correct. I meant to infer that. And the present M. Moran Transportation Lines continued in the haulage of commodities generally and extended its lines to—

Q. Wait a minute. Just a minute. It took the name, did it not—the company known as the Safe-Tea Lines, which had taken over the common carrier business, changed its name to M. Moran Transportation Lines, the name given up by the original company?

A. Yes. You are making clearer the change of the name.

MR. TOBIN. Was that about 1933?

644 THE WITNESS. About that, 1932, '33.

At that point there was a complete divorcement of both operations. The present company, M. Moran Transportation Lines, hauled from that time, and still does, haul commodities generally between Cleveland on the west and New York City on the east. I might add that they have not served all that territory since that time.

By Mr. SULLIVAN:

Q. Did not what?

A. They have not served all of the territory since 1932. At that time I think they only served Erie, Pennsylvania, Olean, New York, Jamestown, Buffalo, Rochester, Syracuse, Utica, Albany, Binghamton, and Elmira. A little later on New York City and Philadelphia were added; and then directly after that, by acquisition, I believe, Cleveland, Ohio, was added.

Q. And during this growth period for Moran, from 1932 up to somewhere around 1935, of which you spoke, were there many radial lines added, or what we call off-line serving points off the major routes?

A. Yes. These points that I indicated were just the key points where we maintained terminals. I did not mean to infer that they were the only points served. As I recall it, we served some 450 towns within that area.

Q. Well, what presently is there—what, we will say, for the year 1940 was the approximate gross business of the M. 645 Moran Transportation Lines, Inc., the company referred to in this application and in the various exhibits?

A. About \$2,800,000.

Q. And has there been an increase in the volume of that business during the first six months of the year 1941?

A. Yes; there has.

Q. And could you estimate from the figures for the first six months in 1941 the approximate business you would expect to do in 1941?

A. Yes; I can. About \$3,700,000.

Exam. BAKER. What is the figure for the first six months of 1941?

The WITNESS. About a million seven; a million seven hundred thousand dollars.

By Mr. SULLIVAN:

Q. And the second half of the year in the trucking business, in our experience, has been an increase over the first half?

A. Always a substantial increase.

Q. You named a list of points a little earlier around New York City, rather, major cities served by the company. Do they have terminals at those points?

A. Yes; they do.

Q. And did you name all the points at which they have terminals?

A. No; I did not include Watertown, New York, Niagara Falls, New York; Schenectady, New York. I think that is all.

Q. In addition to the terminals which you have indicated here, do they have other points, call stations, or other facilities for contacting customers and arranging for the pick-up of freight throughout the state?

A. Yes. We have about 55 call stations.

Q. And those are scattered generally throughout the territory?

A. Yes; they are.

Q. You are familiar with the contract that was entered into between the stockholders of M. Moran Transportation Lines, Inc., and the Associated Transport Company?

A. I am.

Q. And are you also familiar with the exhibit contained in the application? By that I refer to the contract of the Horton Motor Lines, which is set forth in full in the application.

A. Yes; I am.

Q. And you are familiar with those portions of the Moran contract which appear in the application as exhibits?

A. I am.

Q. I ask you whether, with those exceptions which are given in the application, is the contract between the Moran stockholders and the Associated Transport the same as the Horton contract except as it might differ as to the number of shares or the names of persons?

647 A. It is identically the same.

Q. What is the status, if you know, of the certificate of convenience and necessity which the Moran Company applied for to the Interstate Commerce Commission?

A. The Interstate Commerce Commission granted all of the rights applied for in that application.

Q. Well, for the sake of the record, if no one objects, may I put it to you this way. No certificate has as yet been issued, has it?

A. No.

Q. But the Examiner's report, with the exception of Pittsburgh, which was abandoned, granted all of the rights sought. Is that correct?

A. That is correct.

Q. Thereafter there was a protest—

Mr. WIERUD. Mr. Examiner, is that material?

Exam. BAKER. I believe that is all in the Commission's record.

Mr. SULLIVAN. If the Examiner is satisfied with it, that is perfectly all right with me.

By Mr. SULLIVAN:

Q. In any event, whatever the status is, the Commission knows about it?

A. That is correct.

Q. Now, does the Moran Company have intrastate operating rights in New York State?

648 A. Yes; they do.

Q. And has a certificate been issued there?

A. Yes; I believe there has been.

Q. Do those rights cover substantially the routes and territory which you have described here as being operated by the Moran Company?

A. Yes; they do.

Q. Have they some intrastate rights in Pennsylvania at Erie?

A. Yes; they have intrastate rights in Pennsylvania between Erie and the adjacent areas, about 15 miles, I think.

Q. That is a local pick-up and delivery common carrier right at Erie, Pennsylvania, is it not?

A. That is right.

Q. That is the only intrastate certificate the company has other than—

Mr. WIPRUD. The beginning of testimony by counsel again, Mr. Examiner.

Mr. SULLIVAN. Well, if you want to spend a week or more here on that—

Mr. WIPRUD. Just ask the question.

Exam. BAKER. I realize the purpose of it is to expedite the proceeding, but in view of the objection, I will ask that you do not lead the witness.

Mr. SULLIVAN. On these quasi-legal matters the only alternative perhaps would be for me to take the stand myself.

649 By Mr. SULLIVAN:

Q. Well, are there any other intrastate rights other than those you have named?

A. New York State, of course.

Q. Well, I said New York State and Pennsylvania.

A. That is all.

Q. What percentage of the business of M. Moran Transportation Lines would you say was intrastate?

A. About 45 percent.

Q. Can you give us the approximate tonnage handled by the company in the year 1940?

A. About 400,000 tons.

Q. And can you give us the figure for the first six months of 1941?

A. 240,000 tons.

Q. Do you interchange with other carriers?

A. Yes; we do.

Q. At what points?

A. At Buffalo, N. Y., and Schenectady, N. Y., and a small transfer at Binghamton, N. Y.

Q. Do you interchange with any of the carriers involved in this proposed merger or unification?

A. Yes; the McCarthy Freight System.

Q. Is that the only one that you interchange with?

A. In this group?

Q. Yes.

650 A. Yes; that is the only one.

Q. Do you know about how many companies you have interchange arrangements with?

A. About sixteen.

Q. If this unification were granted, would you continue interchanging with those companies other than the one in this group?

A. Certainly.

Q. Give the reason.

A. The reason for that being that, with the exception of McCarthy, our other connecting lines operated west out of Buffalo, none of which operate is included in this group.

Q. How about Binghamton?

A. I overlooked that one. We have a connection with the W. T. Cowan Company, involving a very small amount of freight.

Q. And where is that freight going?

A. To Baltimore and Washington.

Exam. BAKER. Please keep your voice up.

The WITNESS. Yes; glad to.

By Mr. SULLIVAN:

Q. Have you any connection to points in Pennsylvania in the territory served by the Arrow Carrier Company at the present time?

A. No; we have not.

Q. Did you at one time have one?

A. Yes; we did.

651 Q. How long ago was that?

A. About four years ago.

Q. And what happened to that connection?

A. I believe that what was left of it was acquired by the Arrow Carrier Corporation.

Q. At that time did you have any connection with the Arrow Company?

A. No. They would not make one with us.

Q. Have you tried to work out connecting arrangements with them?

A. At several different occasions.

Q. And will you give us the reason they assigned for not being able to make a connection?

A. Well, they claimed that they only had a certain amount of equipment available and under the circumstances they could not undertake to operate enough equipment into the Binghamton area to take care of the business which we would have liked to have given them.

Q. What can you say with respect to the quantity of business you would be in a position to tender to a carrier in that territory destined to points in that territory?

A. This would only be an estimate, but from conversations with shippers in our territory that are interested in service to those Pennsylvania points I should estimate a minimum of five or six truckloads a day.

652 Q. And can you say as to whether there would be freight coming from that territory destined to points in New York if the service could be instituted?

A. I would say there would be an equivalent amount of freight coming back.

Q. Incidentally, you, yourself, also have to do with shippers in your business capacity?

A. Yes; I do.

Q. And do you meet many shippers?

A. Yes.

Q. And have you had conversations with them with respect to this proposed unification?

A. Yes; with a good number of them.

Q. And are you in a position to tell us what the sentiment of the shippers with respect to this unification is?

Mr. WIPROD. Isn't this pretty much hearsay, Mr. Examiner?

Mr. SULLIVAN. I suggest, Mr. Examiner, that that is in the ordinary course of his business, one of his duties to find out.

Exam. BAKER. The witness may answer.

A. The general consensus of opinion was that it would be a good move for us to get into a combination of this kind, first, I suppose for the interest of the particular shipper that I was talking to at the time—in fact, I might say that that probably was the only reason,

653 although one or two of my personal friends did also think it was a good idea from the standpoint of the Moran family.

By Mr. SULLIVAN:

Q. Have you an opinion from your experience in the transportation business, Mr. Altwater, as to whether or not this unification, if approved, would be in the interest of the shipping public?

A. I have; yes.

Q. Will you give us that opinion?

A. Well, my opinion is not based on any one particular thing; it is based on a combination of things. The first and, in my opinion, the most important is, that it would give a better and a wider distributed service to the shippers in our territory. It also would relieve congestion at the loading docks. We have to keep in mind that the average manufacturer only made provision for rail loadings and unloadings, and the truck later came into the picture as, you might call, an orphan, and it has always presented a problem to the shipper who has a plant that was built five or six years ago. It certainly would have the effect of reducing accounting work, both from the standpoint of checking bills and from the standpoint of handling claims.

Q. You are thinking of interline bills?

A. No; I am thinking of individual bills represented or submitted by the different companies.

Q. Well, you are speaking from the shipper's point of view.

A. That is correct.

654 Also there has been testimony here by Mr. Horton and several other operating witnesses as to operating and administrative economies, to which I generally subscribe, but from a shipper's viewpoint I think it is vital, because, in the final analysis, costs are always reflected in rates in one form or another. I also have in mind a possible reduction in packing costs.

Specifically, we have a customer in our territory that manufactures typewriters. We handle those typewriters unboxed in our own territory. We are glad to handle them in that fashion because we get a premium rate, as provided for in our classification, and we have found from experience that the claim hazard is no greater than boxed typewriters. However, we have never been able to afford that particular shipper a service to points beyond our lines, first, because our connections refuse to accept them, and, secondly, because we refused to assume responsibility of permitting a transfer of unboxed typewriters.

We also have in mind an advantage, particularly apparent at the present time. Moran has experimented with it to a minor degree. We have two convoys which we use to move six tractors to a point that for a day or two might need extra equipment. The experiment worked out well, but unfortunately Moran did not

655 have enough money to put into a venture of that kind to any greater degree. I think in a set-up such as Associated would have to offer they could probably keep as many as fifty or sixty such convoys available that could be moved to vital spots within 12, 15, or 18 hours to clean up a situation which otherwise might cause difficulties later on.

Q. How does this convoy system that you are talking about operate? What do you mean by—

A. Well, for example, we ran into a situation somewhere about the first part of July. Our transfer points at Binghampton became congested. We moved these two convoys down there with six tractors.

Q. Well, describe what you mean by a convoy. That is one of the things I had in mind.

A. A convoy is an automobile carrier. We load two and sometimes three tractors on the deck and pull it by a third or a fourth, whichever the case might be, which gives us three or four tractors at one spot at a cost of wages of only one driver.

Q. Well, I asked you to describe it particularly for Mr. O'Brien's benefit.

A. I did.

Mr. O'BRIEN. He is a good witness.

By Mr. SULLIVAN:

Q. Incidentally, while we are on that subject, will you state what your experience is as to whether at the present time, 656 and for some time past, there has been any shortage of drivers and other persons to use in different capacities in the business?

A. There have been in our territory.

Q. Well, will you explain that a little more fully.

A. Well, we have been dependent upon extra help furnished us by the union, and, while the union has undertaken to cooperate to the fullest extent possible, sometimes there wasn't anything they could do about it, and we were compelled to take men who thought they were chauffeurs, but after dropping a few of our trailers we found they just did not fill the bill. In one or two spots we were able to get some relief by the union permitting us to use dockmen, or stevedores, as they are called some places, who have had some driving experience and using them as drivers; but it just had the effect of shortening up our dock hands, but we selected that as the lesser of two evils.

Q. Have you had shortage of available dockmen.

A. We have.

Q. And you still presently have one, haven't you?

A. That is right.

Q. Have you lost employees who have left the trucking business, either as dockmen or drivers?

A. Excuse me. You are completely away from this shipper—

Q. I will get back to that. I want to touch on this while we are on it. Have you—

657 Mr. SULLIVAN. What did I ask?

(Question read as follows: "Q. Have you lost employees who have left the trucking business, either as dockmen or drivers?")

By Mr. SULLIVAN:

Q. To go into other industries?

A. Yes; we have.

Q. Does there seem to be a trend in that respect?

A. I would say there is.

Q. What is the situation with respect to mechanics?

A. That situation is even worse.

Q. Well, what can you say as to whether or not there is a shortage of mechanics at the present time?

A. Well, we know in our own case that there very definitely is, and we are beginning to feel it more each day.

Q. Has the union cooperated with you in attempting to give you all the employees they can?

A. Yes; they have.

Q. Now, then, I did not mean to divert so long, Mr. Altwater, but will you get back to the question you started earlier with respect to the advantages to the shipper?

A. I just had one or two other thoughts in passing. One is the case of insurance. A good number of the customers that I know carry contingent liability. We don't like it, but, on the other hand, we don't blame the shipper for doing it. What I

658 mean by that is he carries his own policy because he fears the truckman might not be able to make good on a sizable claim. We know of several very large people in our area

that do this. It costs a lot of money. We don't think a customer should have to do that. He doesn't do it with the railroad. And yet in our present position we certainly can't blame him. I feel that a combination such as the Associated would obviate the necessity of a shipper having to take such protection. I think the Associated would be quite qualified and able to handle anything that came along, financially or otherwise.

I have one other point in mind. It has always been a sore spot with our shippers, and probably the shippers of other truck lines. That is the matter of tracing shipments that move through a connection. Frankly, we have the situation with our best connection, McCarthy Freight System, and they have probably experienced the same source of complaint from their territory. We can furnish the shipper with prompt information as to the movement of his freight, but when we get over to the other fellow's side of

the line he does not pay too much attention to it. When I call John McCarthy on the phone, we get action, but otherwise—sometimes we don't. The situation is more aggravated in other directions.

Q. Have we an arrangement for interchange of trailer bodies with McCarthy Freight Lines?

A. We have.

Q. And how long have we had it?

659 Exam. BAKER. By "we" you refer to Moran Transportation?

Mr. SULLIVAN. That is right.

A. About two years.

By Mr. SULLIVAN:

Q. Will you state what your experience with that system of interchange of bodies as between two separately owned and controlled lines is?

A. It has been a continual source of annoyance and headaches to both companies. First, McCarthy had to make considerable changes in his wiring system. Secondly, McCarthy, for one reason or another, will send an 18- or 20-foot body to New York State, and Moran would have one of its 30-footers in New England somewhere. Our operating department is constantly faced with that. Next, we have the question of maintenance. I suspect that McCarthy has all he can do to maintain his equipment. And we are in the same position. So as a consequence I am convinced that we do not service each other's equipment certainly the way we service our own—and that is an understatement.

Q. Do you experience difficulty in getting your own equipment back from connecting lines?

A. Yes; we do.

Q. And do misunderstandings arise between your employees and the employees of a connecting line as a result of some of these annoyances of which you spoke?

660 A. May I give you an example?

Q. Yes.

A. For instance, on the matter of tires, we will send a trailer to McCarthy's territory. A tire blows out. Our best auditing minds have not been able to figure what adjustment should be made on the basis of the cost of replacing the tire. We have adequate tire records, but there is always a question there, and we have reams of correspondence related to tire adjustments. That happens to be one that comes to my mind. We have similar complaints with respect to changes of batteries and bulbs and the tail lights and the side lights, and so forth.

Q. Well, are the disputes and disagreements that would result from the sort of thing that you have been describing conducive to the movement of the freight as expeditiously as possible and to the best interest of the shipper?

A. Would you repeat that question?

Mr. SULLIVAN. I will have the Reporter read it.

(Question read.)

A. No.

Q. Do you feel that a through interline movement by a company able to operate uniformly under a consolidated company would be an improvement over the situation?

A. I do.

Q. Now, with respect to the New York and New England
661 territory, what can you say as to companies having such a through interline movement at the present time?

A. I would say that they have a very distinct advantage over our operation.

Q. Are there such companies other than companies included in this proposed unification who have such a service?

A. Yes.

A. And would you name one or two?

A. I can name Seaboard as one. Liberty Freight Forwarding Company is another. Inter State Motor Freight System. That is about all I can think of.

Q. Incidentally, you speak of Liberty Motor Freight. It has been referred to here by other witnesses. Do you know whether or not there is any connection between that company and the Car-loading Company?

A. I do know there is an affiliation of some kind.

Exam. BAKER. Do you refer to Inter State Motor Freight System of Detroit?

Mr. SULLIVAN. No; Liberty Motor Freight.

Exam. BAKER. I beg your pardon.

The WITNESS. My first reference was to Inter State Motor Freight System of Detroit. In answer to Mr. Sullivan's question I was referring to Liberty Motor System.

By Mr. SULLIVAN:

Q. You say you know that there is a connection between them?

662 A. Yes; I do.

Q. And that freight moves partly sometimes through a forwarder in conjunction with the motor carrier, and vice versa?

A. Yes; that is true.

Q. And what freight forwarder did you refer to? I don't know whether you gave the name or not.

A. Acme Fast Freight.

Q. And what can you say as to whether or not they are a substantial size hauler of freight?

A. Very substantial organization.

Q. Do they have operations in the territory involved in this proposed unification?

A. Yes; they do.

Q. Or part of it?

A. Yes; they do.

Q. And how much of that territory?

A. Well, generally in the southeasterly direction, paralleling to some extent Horton and Barnwell and The Transportation Company, and to the north paralleling to some extent the Moran Transportation Lines.

Q. They also have service in New England?

A. Yes; they do.

Q. Mr. Altwater, did you prepare or cause to be prepared under your supervision a proposed exhibit listing certain carriers operating in the New York State territory and the territory
663 outside of New York State that is covered by the Moran operations?

A. I did.

Mr. SULLIVAN. May I have this exhibit marked for identification, Mr. Examiner?

Exam. BAKER. The document described will be marked for identification as "Applicant's Exhibit No. 4."

(Exhibit No. 4, Witness Altwater, marked for identification.)

By Mr. SULLIVAN:

Q. I show you a copy of Applicant's Exhibit No. 4, for identification, and ask you if this is the document to which you referred.

A. It is.

Q. Will you tell us what that purports to show?

A. It is intended to show truck lines competing generally with the Moran Transportation Company.

Q. Have you also included in there carloading companies operating in that territory?

A. No; I have not.

Q. Well, I notice Acme Fast Freight. Is that a freight line or carloading?

A. Oh, excuse me. It was not intended to be in there.

Exam. BAKER. Doesn't Acme Fast Freight actually conduct some motor carrier operations in addition to its forwarding operations?

664 The WITNESS. I am sorry. This was not intended to include the carloading companies, but it does include all three carloading companies—or three carloading companies.

Exam. BAKER. Will you name those three?

The WITNESS. Yes. Acme Fast Freight, National Carloading Corporation, and the Universal Carloading and Distributing Company.

By Mr. SULLIVAN:

Q. Well, you have included them in there and they are carloading companies operating in the territory where Moran operates?

A. Yes.

Q. And substantially, so far as New York State itself is concerned, that is also the territory at least over the main routes of which the Consolidated Motor Lines have in operation?

A. Yes; that is right.

Q. So to that extent these same companies would be in competition with Consolidated?

A. Very definitely.

Q. Now, with respect to those carloading companies, do they perform part of their haul by motor carrier, either by motor carrier operations which they operate, or through arrangements with motor carriers companies?

A. Yes; they do.

Q. Did you, Mr. Altwater, at my request check or cause
665 to be checked the gross revenue for the year 1940 as shown by the statements, sworn statements, of certain companies filed with the Interstate Commerce Commission?

A. I did.

Q. And certain of the companies are contained in this exhibit?

A. Yes.

Q. Now, will you, with respect to those companies, give us their gross revenue for 1940?

A. The Boss-Linco Lines, 260,520.

Q. That is dollars?

A. Dollars. Canny Trucking Company, Inc., \$198,021; Interstate Motor Freight System, \$9,906,620; Keeshin Motor Express Company, \$5,958,967; Liberty Forwarding & Distributing Company, \$1,915,813; Lyons Transportation Company, \$679,443; Motor Express, Inc., \$2,254,482; Niagara Motor Express, Inc., \$606,740.

Q. Excuse me. Incidentally, was the Niagara Motor Express Company a company which was included in the applications last year, MC-F-1223 and other docket numbers?

A. It was.

Q. And is not in this unification?

666 A. It is not in this unification. Onondaga Freight Corporation, \$430,718; Red Star Express Lines, \$360,927; Seaboard Freight Lines, \$1,725,203.

Q. Incidentally, Mr. Altwater, is the Seaboard Freight Lines controlled by or connected with some other company you have referred to here?

A. Yes. It is connected with the Keeshin Motor Express.

Q. And you see and are familiar with its operations in your territory?

A. Yes; I am.

Q. And both the Keeshin Company and the Seaboard Company come into that territory?

A. They do.

Q. Do you know where they meet with each other?

A. Syracuse.

Q. Do they exchange equipment as between themselves, or do they transfer the freight from one piece of equipment to another?

A. They interchange as between themselves.

Q. Their operation is the same as if they were merged together?

Mr. WIPRUD. Well—

Mr. SULLIVAN. I withdraw that question.

By Mr. SULLIVAN:

Q. Do you know what the situation with respect to control of those companies is?

A. To my knowledge—I am not acquainted with the control as well as I am with the operation of the two companies.

667 They definitely operate as one company to all intents and purposes.

Q. Did you finish giving those names, or will you continue if you did not.

A. Spector Motor Service, \$1,723,681; Transamerican Freight Lines, \$3,498,792; Valetta Motor Trucking Company, \$202,889; Vollmer Transportation Company—I am sorry. I haven't got the figure. Cross that out. Western Express Company, \$708,462.

Q. Are there other carriers who are class I carriers in this exhibit other than those whose figures you have read?

A. Yes; there are.

Mr. SULLIVAN. I offer this exhibit in evidence, Your Honor.

Mr. WIPRUD. May I inquire on the exhibit?

Mr. SULLIVAN. Surely.

Exam. BAKER. You may. Have your completed.

Mr. SULLIVAN. No; but I thought perhaps before it was received he wanted to ask some preliminary questions.

Exam. BAKER. Then, suppose you withhold offering the exhibit until you have completed your examination.

Mr. SULLIVAN. I will withhold it for the moment.

By Mr. SULLIVAN:

Q. State whether or not these companies contained in the exhibit are substantially competitive to the Moran Company with respect to the points named in the exhibit.

A. With one or two exceptions, all of these companies I mentioned serve generally all of the territory now served by Moran.

Q. And in addition to the companies contained in the exhibit, what can you say with respect to other motor carriers competing with the Moran Company in its territory?

A. I would not venture a guess as to the number, but it runs into thousands.

Q. I will ask you this question, Mr. Altwater: From your experience in the trucking business and in the transportation business generally, experience in dealing with shippers, attempting to solicit freight, supply the service which they demand; and so forth, have you an opinion which you can state as to which is the most—we will put it—the toughest competition, the motor carrier operating in your territory doing a gross of \$3,000,000, or substantially what Moran does, or three motor carriers doing a million dollars apiece and covering the territory, substantially?

A. We have always found the toughest competition a combination of the smaller lines; in other words, five or six small truck lines causes more difficulty than the large one.

Q. Are you familiar with the facilities available to the shipping public between, let us say, the New York State-New England territory and the Detroit, Chicago, and similar points in the Middle West?

A. Yes; I am.

Q. By that I refer to motor truck.

A. Yes.

Q. Are there a number of companies offering a through service?

A. Yes; there are.

Q. Would you name some of them.

A. Spector, Keeshin, Inter State, Liberty, Midwest Haulers, Monarch—

Q. Well, that is sufficient. Are there others?

A. Yes; there are. I can't pick them out here, and they might not be—probably are not on this list, because that list was not meant to include the operations from New England into the middle western area.

Q. Is there anything more, Mr. Altwater, that you would like to say with respect to the matters we have been touching on here?

A. Generally, I would say that it seems to me we are only trying to do in the case of Associated what is already an accomplished fact in other sections of the country. I don't know of—well, I will put it another way. The shipping public has services of several truck lines in the Middle West extending all the way over to New England, whereas I know of nothing like it on the Atlantic Seaboard.

Q. Just one more point I wish to take up, Mr. Altwater, 670 and then I will be through. There is an exhibit attached to the Moran contract, copy of which is attached to the application, in which reference is made to a total of 29,000 shares to be turned over to the stockholders of the Moran Company in addition to whatever the formula produces. In conjunction with that I ask you if you are acquainted with Miss Amelia Moran.

A. Yes; I am.

Q. Is she the insurance broker of the M. Moran Transportation Lines?

A. She is.

Q. And has she been for some years?

A. Several years.

Q. She is what relative of Mr. Moran, of the Moran Company?

A. Sister.

Q. An unmarried sister?

A. Unmarried.

Q. If this merger is effectuated and the control of the Moran Company passes to the Associated Transport she will lose this business?

A. Yes; she will lose it.

Q. And can you give us some idea of the amount of commissions she has been receiving a year from the insurance business?

A. Twenty-eight to thirty thousand.

Q. In addition to that she has a general insurance business?

671 A. That is correct.

Q. Now, then, you heard Mr. Arbour's testimony?

A. Yes; I did.

Q. And in conjunction with that testimony did you note the number of tons that he indicated were hauled by Consolidated during the first six months of 1941?

A. I believe it was about 250,000 tons.

Q. And again, will you state the tons hauled by Moran during the same period?

A. About 240,000.

Q. The difference between those two figures being 10,000 tons; is that right?

A. That is right.

Q. And the revenue for Moran you gave for the first six months is a million what?

A. A million seven; about a million seven.

Q. A million seven hundred thousand dollars?

A. That is right.

Q. And is that less than the revenue received by the Consolidated Company for that period?

A. By several hundred thousand. As I recall it, I think Mr. Arbour testified to a figure of—

Q. Did he give us a figure?

A. As I recall, it was about two million one, or two million two.

672 Q. Refreshing your recollection, was it between two million five and two million eight? Well—I mean those things don't make any difference. They are in the Commission's records.

A. I would not change that opinion. I think it was two million one.

Q. In any event, for handling substantially the same amount of tonnage the gross revenue is considerably less.

A. Very substantially less.

Q. And can you give us some reason for that?

A. Well, the chief reason has been due to the unstabilized conditions in effect on intrastate New York State business. We have only had a regulatory bill in New York State for a couple of years and it has not as yet had much effect. As a result we have competitive conditions, brought about by the great number of truckmen in the area, which has had the effect of reducing rates to the point where they are generally about 15 to 20 percent below the rates in other territories.

Q. Has some progress been made towards correcting that condition by the regulatory authorities in New York in trying to make some uniform rates?

A. There has been some progress.

Q. And with respect to the rates presently applicable on intrastate business in the territory, what can you say as to whether they are compensatory for the service provided?

A. They are not compensatory.

673 Q. What can you say as to whether or not they constitute a drag which causes a reduction in freight?

A. Very definitely they do.

Q. I will ask you whether or not these matters were discussed among the group which presently constitutes the directors of the Associated Transport at the time it was being put together?

A. These matters were discussed; yes.

Q. As a result of those discussions was consideration given to some method of equalizing that situation with respect to Moran in the New York territory and the situation with respect to the companies in other territories where some progress had been made, or considerable progress had been made, towards stabilizing the rates and making them generally compensatory?

A. There was; yes.

Q. And that was discussed, as well as the situation with respect to Moran?

A. That is correct.

Q. And was consideration given to the fact that under the self-insurance program or the general program which could be effectuated by the Associated Transport Company savings would be effected over what presently is the cost of the insurance to a much greater degree than if a broker was receiving full commissions?

A. That was considered; yes.

Q. And the upshot of these various considerations was the
674 agreement to add 29,000 shares generally for the stock of the Moran Company?

A. That is right.

Q. Would you give us the earnings for the first three months of 1941 for M. Moran Transportation Lines?

A. There were no earnings. I recall that we lost six or seven or eight thousand dollars, somewhere around that.

Q. And what was the situation as of the end of the second quarter, or the six months' period of 1941?

A. Before taxes, we showed a profit of approximately seventy-eight or seventy-nine thousand dollars.

Q. Did Miss Moran also have another business in which she did some business with the M. Moran Transportation Lines which resulted in her making some profit on the business which she did?

A. Yes; she did.

Q. And that is the Division Tire Sales Company?

A. That is right.

Q. Incidentally, who are the stockholders of that company?

A. To my knowledge, she is the only stockholder.

Q. Is any officer of the Moran Company an officer, director, stockholder, or agent of that company?

A. No.

Q. Is that company on the same premises with the M. Moran Transportation Lines?

675 A. No; it is not.

Q. Where is it located?

A. Oh, it is located generally about a mile and a half from the Moran Transportation Lines.

Q. And what was the business of that company?

A. General retail gasoline sales, parts, tires, household appliances.

Q. Washing machines, accessories, and so forth.

MR. SULLIVAN. I think that is all the questions I have.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. WIPRUD:

Q. Will you please refer to exhibit No. 4 marked for identification. Under the head of "Representative Points," Mr. Altwater, you listed Binghamton, N. Y., and you have marked with an "X" there the carriers that serve that point. Will you state whether or not the carriers so indicated operate from Binghamton to Scranton, and, if so, which ones?

A. I assume you mean perform the service by handling freight between Binghamton and Scranton?

Q. Well, let us say that operate over that route.

A. Over that route. The Atlantic Coast Line, I believe—Atlantic Coast Freight Lines, Highway Freight, Inter State Motor Freight System, Keeshin, I believe; I am not sure. I believe Keeshin does. Liberty Forwarding, Richards Motor Freight.

That is all I can recognize.

676 Q. Now, will you state for the record what other carriers listed under Binghamton operate over routes operated by Moran; and, if so, between what points from Binghamton?

A. Atlantic Coast Line—

Q. You have already mentioned that as operating through Scranton.

A. Oh, what was your question, please?

Q. Of the other carriers that you have listed under Binghamton, will you state for the record those carriers that operate between Binghamton and some other point, other than Scranton, that parallel the routes of Moran.

Exam. BAKER. Mr. Wiprud, wouldn't that be a statement that would duplicate everything in this exhibit?

Mr. WIPRUD. I think not. I think the fact is that he has listed there every carrier that touches Binghamton, and has testified that they are all substantially competitive with Moran. We would like to know what ones of all the carriers listed are competitive.

The WITNESS. Just out of Binghamton?

By Mr. WIPRUD:

Q. Just out of Binghamton, yes.

A. All right. Boss-Linco Lines—

Exam. BAKER. Just a moment. I am afraid we will be here all afternoon, if I understand the question. Off the record a moment.
(Discussion off the record.)

677 Exam. BAKER. Back on the record. You may answer,

Mr. Altwater.

A. Boss-Linco Lines—

By Mr. WIPRUD:

Q. What is that?

A. Boss-Linco Lines, C. A. B. Y. Transportation Company—

Q. Will you state also the town to which it is competitive, please, from Binghamton.

A. All right. Boss-Linco, Elmira, Buffalo, Jamestown, Westfield, Dunkirk, Silver Creek, Rochester, Syracuse, Cortland, Niagara Falls, Lockport, Silver Creek—

Q. Well, I have just asked—

A. I am answering it.

Q. I mean the nearest point to indicate the competitive situation.

A. Shall we have the next one?

Q. Yes.

A. C. A. B. Y. Transportation Company—

Mr. SULLIVAN. Now, just a minute, Mr. Altwater, before you answer. Excuse me. I wish to address the Examiner. I think Mr. Altwater should give all the points to which they are competitive out of that town and not be shut off to the nearest town, because that would not illustrate the point counsel is trying to make at all. He says only because they touch that town it

678 is not competitive to the Moran Company. I mean, a false impression will be left if he is limited in his answer that way.

Exam. BAKER. I am not sure that I understand exactly what Mr. Wiprud wants the witness to answer. Will you explain that?

Mr. WIPRUD. Yes; Mr. Examiner. There is listed here a great number of carriers that serve Binghamton, and the testimony of this witness is that these carriers are substantially competitive with Moran. Now, I am asking the witness to state for the record these carriers that serve Binghamton that parallel the Moran operation.

Exam. BAKER. You mean parallel wholly or in part?

Mr. WIPRUD. Wholly or in part.

Exam. BAKER. And you desire only that he state just what other points—

Mr. WIPRUD. Well, just to give the connection, that is all, and the direction, from the West, from the North, from the East. State the nearest point to indicate just that these are parallel operations and not some operations that happen to criss-cross Binghamton.

Exam. BAKER. Do you understand, Mr. Altwater?

The WITNESS. Yes—I think. C. A. B. Y. Transportation Company, Buffalo, Erie, Cleveland, Ohio. Will that be enough?

Mr. SULLIVAN. May we have it here that that is not all
679 the points where they are competitive?

Exam. BAKER. I think the record is clear on that.

Mr. SULLIVAN. All right.

The WITNESS. Canny Trucking Company, New York City. Chief Freight Lines, Syracuse, Auburn, Rochester. I have not mentioned the Central New York Freightways because, frankly, I do not know just where they do go other than I know they go from Binghamton. Cowan, Philadelphia. I am not deliberately skipping a couple in here, for I don't know just where they do go. Eastern Freightways, Buffalo, Rochester, Syracuse. Fairclough, Buffalo, Rochester, Syracuse, Utica. Freer Brothers, Cortland, I think, Cortland, N. Y., and Norwich—I am not sure. Harris Motor Lines, Elmira. Highway Freight, New York, Rochester, Syracuse, Buffalo. Intercity Express, Elmira. Keeshin Motor Express—I am sorry. I mentioned them before.

By Mr. WIPRUD:

Q. Yes; you mentioned them before. You said you had some doubts.

Mr. SULLIVAN. Said he had what?

Mr. WIPRUD. Doubts.

A. No; not Keeshin. I mentioned that first, when you
680 wanted the names of other than that.

Q. That is right.

A. J. E. Kulp, Buffalo. Leavenworth Motor Express, Elmira, Buffalo. Lightning Express, Buffalo, Albany, Elmira. Midwest Haulers, Rochester, Buffalo, Erie. Incidentally, I am not mentioning any of the three carloading companies. Oneida Motor Freight, Syracuse, Utica, Auburn. Patrick Express—

Mr. O'BRIEN. You mean Oneida Motor Freight, Inc? Is that the one you mean?

The WITNESS. That is right; yes, sir. Patrick Express, Hammondsport. N. C. Purdie, Rochester. Rhinevault Trucking Company, Buffalo, Rochester, Niagara Falls. Buffalo's Trucking

Service, Buffalo, Niagara Falls, Rochester, Albany. Seneca Freight Lines, New York, Jersey City. Smith & Howell, Syracuse. Utica, Buffalo. Stibbs Transportation Lines, Syracuse, Utica, Buffalo, Rochester. Thursam Transportation & Storage, Niagara Falls, Buffalo. Transportation Lines, Inc., Buffalo, Syracuse, Utica. Utica-New York—excuse me. 681 Whinney's Express, Philadelphia. York Buffalo, Buffalo. William Young Transportation Company, Albany, Niagara Falls, Buffalo. I think you will find that those lines that I just finished mentioning would also be marked with an "X" to some other point which is competitive to Moran.

Q. Now, Mr. Altwater, my check shows that you have listed—have checked off, rather, 31 out of the 68 companies that are listed under the heading of Binghamton, those that you have just read off, as being competitive or operating over competitive routes with Moran. In view of that fact, what have you to say about this exhibit reflecting carriers that are substantially competitive to Moran?

Mr. SULLIVAN. I object to the question.

Exam. BAKER. The witness may answer.

A. Do I understand you to mean—that you ask me to make some comments on those I did not mention?

By Mr. WIPRUD:

Q. I ask you the question in view of the fact that out of 68 carriers only 31 have been mentioned by you as being competitive with Moran.

A. The reason for that being that I was not too familiar with the operations of the remaining ones, although they must have rights at least to operate over that territory.

682 Mr. WIPRUD. In view of the statement of the witness, Mr.

Examiner, I object to the introduction of this exhibit as not reflecting the true situation of the facts which it purports to show. The exhibit is misleading and will not inform the Commission as to what the witness has purported to testify to.

Exam. BAKER. Mr. Wiprud, what form would you think an exhibit should take to inform the Commission of competition in that area?

Mr. WIPRUD. Mr. Examiner, I think that your comment a short time ago on this very exhibit illustrates the point I make. The first impression I got of the exhibit was that it would reflect the operations of these lines between the points named on this exhibit. Obviously, from the testimony of the witness it does not. It merely shows a list of a few cities which these carriers touch. It does not show a competitive situation at all. And the witness

testimony is that these carriers are carriers substantially competitive with Moran. I think on its face, in view of the further testimony of the witness, the exhibit is wholly misleading and should not be admitted in evidence.

Exam. BAKER. Your objection will be overruled. The exhibit will be received in evidence.

(Exhibit No. 4, Witness Altwater, received in evidence.)

683 Exam. BAKER. Of course, Mr. Wiprud, you will have the privilege of introducing evidence to contradict any evidence which is being introduced by applicant.

Mr. WIPRUD. I understand, Mr. Examiner. The point I made there was that on the witness' own testimony the exhibit was not competent.

By Mr. WIPRUD:

Q. Mr. Altwater, you testified that the gross business of Motor Express Company, Inc., was \$2,254,482, and on Exhibit 4 you show two points served by that carrier, namely, Buffalo and Erie. Is it the intent of that testimony to convey to the Commission that this is the gross business conducted by Motor Express Company between those two points?

A. No.

Q. What does it purport to show?

A. It purports to show that Motor Express, Inc., is competitive with Moran between Buffalo and Erie and that the volume that I mentioned was the total volume for the year 1940.

Q. That is, the total volume of all the routes operated by Motor Express?

A. That is correct.

Q. What percentage of the routes of Motor Express is represented by the route between Buffalo and Erie? I will amend that. Percentage of the business, I should say.

A. I don't know.

Q. Can you give us about the percentage of the route operations, route miles, that the Buffalo-Erie route bears to the
684 whole operations of Motor Express?

A. No; I would not care to guess at that.

Q. You have no information on that. If I asked you the same questions in regard to the Valetta Motor Trucking Company, for which you gave the gross annual figures, and which Exhibit 4 shows serve four points, would your answers be the same?

A. Generally the same; yes.

Q. In other words, the gross figure shown has no relevancy at all to the operations between the points shown on your exhibit?

A. It must have some relevancy.

Q. But it does not reflect the total amount of business between those points?

A. No.

Q. Did you hear the testimony of Mr. Arbour, of Consolidated?

A. Yes.

Q. As I recall his testimony, it was to the effect that your line duplicates all of Consolidated's western operations. Is that correct?

A. That is correct.

Q. What other class I carrier operates over the routes which you and Consolidated both cover?

A. Keeshin, Seaboard, Inter State, Oneida Motor Freight, Red Star, Richards, Spector, Transamerican, Monarch,
685 Midwest Haulers, Middle Atlantic Transportation Company.

Q. You are speaking now of operations covered both by yourself and Consolidated?

A. That is not what you asked me.

Q. Yes; it was.

Mr. WIPRUD. Read the question.

Exam. BAKER. Supposing we take a recess for 15 minutes, and when we come back perhaps you will rephrase your question. Mr. Altwater does not understand it.

(There was a short recess taken.)

Exam. BAKER. Come to order, please. Mr. Reporter, would you read the question of Mr. Wiprud which the witness was to answer?

Mr. WIPRUD. I will reinstate the question if desired.

Exam. BAKER. It may be well to read it so he can state whether or not he understood it.

(Question read as follows: "Q. What other class I carrier operates over the routes which you and Consolidated both cover?")

Exam. BAKER. Did you understand by that, Mr. Altwater, that Mr. Wiprud wanted the names of carriers which operated over all of the routes covered by Moran and Consolidated?

The WITNESS. No; I did not understand.

Mr. WIPRUD. That was the intent of my question, Mr. Examiner.

686 Exam. BAKER. His answer is obviously incorrect. Perhaps you had better ask a question.

Mr. WIPRUD. I will reframe the question, then.

By Mr. WIPRUD:

Q. Mr. Altwater, what other class of carriers operate over all the routes which you and Consolidated both cover?

Mr. SULLIVAN. I wonder if we can have that made a little bit clearer, because I am a little confused now. Moran and Consolidated do not have an entire duplication of routes. Now, do you mean carriers operating over the entire—a carrier who operates over the entire Moran territory as well as the entire Consolidated territory in this area, or do you mean a carrier who operates over the entire portion of the Moran-Consolidated routes, where those routes of Moran and Consolidated coincide?

Mr. WIPRUD. Just where they duplicate.

The WITNESS. I think essentially this information I have already given is the answer, unless I am completely misunderstanding the question again. May I ask you a question? Perhaps I might clear it up.

Exam. BAKER. Go off the record a moment.

(Discussion off the record.)

Exam. BAKER. Back on the record.

The WITNESS. That is the answer to that question.

Exam. BAKER. Perhaps you had better phrase it a little differently on account of the off-the-record remarks. Mr.

Altwater, is the answer you gave a while ago to Mr. Wiprud's question correct in view of the explanation made that he desires the names of carriers operating over the routes over which Consolidated and Moran both operate? Are the carriers you gave correct?

The WITNESS. That question is not quite clear.

Mr. SULLIVAN. Mr. Examiner, I do not mean to interpose on this, but I think a simple way of stating apparently what everybody is looking for is, Do these carriers cover the Consolidated routes in this territory, since it is conceded that Moran covers all the Consolidated routes? Therefore, if the question is put, Do they run over the entire Consolidated routes in this territory, I think that would be the result counsel is looking for, and perhaps might clear it for the Commission.

Exam. BAKER. Is it correct, Mr. Altwater, that Moran does duplicate all the routes of Consolidated in this territory, in the New York territory?

The WITNESS. Moran does duplicate all the Consolidated routes in the New York territory.

Exam. BAKER. By that I mean west of Albany.

The WITNESS. West of Albany.

Exam. BAKER. Do you care to rephrase your question in accordance with the suggestion of Mr. Sullivan?

688 Mr. WIPRUD. Well, now—

Exam. BAKER. If it expresses your thought in the matter.

Mr. WIPRUD. The question was—and if it is not possible to give it, why, we can pass it—I asked him what other class of carriers operate over all of the routes which Moran and Consolidated both cover.

By Mr. WIPRUD:

Q. Does your answer still stand? Is there a way of determining that, Mr. Altwater?

A. I suppose there would be.

Q. Well, can you state for the record—

Mr. SULLIVAN. Again, Mr. Examiner, I think the confusion arises when he says “which they both cover.” If he means duplicate, I think that is what the witness said he gave.

Exam. BAKER. Do you now understand the question, Mr. Altwater?

The WITNESS. May I explain the question to which these answers should apply as I gave them?

Exam. BAKER. Well, if you understand the question, that is the point we want to clear up now.

The WITNESS. I do not understand that question, no.

By Mr. WIPRUD:

Q. Well, let us put it this way, Mr. Altwater; with the merger of the two lines, that is, Consolidated and Moran, in the New York territory, will there be any other operation that will compete with that merged operation as a whole?

689 A. I don't know of any such.

Q. You spoke of the percentage, I believe, Mr. Altwater, of your east-and-west interchange business. You gave a percentage, I believe.

A. No; I did not.

Q. Well, can you state it for the record?

A. No.

Q. The percentage of your total business that is interchanged east and west; that is, eastbound. I understood your testimony was that you were interchanging with McCarthy. Is that right?

A. East.

Q. Yes. Could you state what percentage of your business is represented by that interchange?

A. About 4 percent.

Q. About 4 percent. You do interchange north-and-south traffic, don't you?

A. No.

Q. You have no interchange going south?

A. Excuse me. We have the Cowan interchange at Binghamton, Baltimore, and Washington.

Q. What percentage of your business is represented by that interchange?

A. Possibly a tenth of one percent, or even less.

Q. It is very small.

A. Very small.

690 Q. Has Moran ever applied for intrastate rights in Pennsylvania aside from that up around Erie?

A: No, sir.

Q. What is your average load factor today, Mr. Altwater?

A. About 75 percent average load.

Q. You spoke of discussions in connection with this unification looking towards the stabilization of rates in the New England territory. Do I understand that those discussions were to the effect that the rates in that territory should be increased?

A. I am sorry, sir. I do not recall testifying as to the stabilization of rates in the New England territory.

Q. Where did you testify? In what territory?

A. As matter of fact, I do not recall testifying as to the stabilization of rates in New York State, if that is what you refer to.

Mr. SULLIVAN. You will either have to speak up or divide your attention. The Reporter has to get it down.

By Mr. WIPRUD:

Q. Well, was there any discussion at all in connection with this unification in regard to the increase of rates in the New York territory?

A. Yes.

Q. Will you explain for the record what that discussion was?

A. The discussions concerned the way in which the Public Service Commission of New York State was undertaking to
691 regulate the intrastate operators in New York State, and we felt that as a result of such regulation that it was our opinion that there would be stabilization of rates in New York State.

Q. By stabilization, you mean stabilization upward?

A. I would say yes.

Q. How will this unification affect that proposal, Mr. Altwater?

Mr. SULLIVAN. I did not hear that question. Could I have it read?

Exam. BAKER. Would you read the question, please?

(Question read.)

A. I don't know that it will have any effect on that situation at all.

By Mr. WIPRUD:

Q. Well, it was discussed in connection with this unification, was it not?

A. Not in connection with this unification; only in respect to Moran's consideration in respect to the situation, if I have made myself clear. I mean our discussions did not delve into what effect this consolidation would have on the New York situation. Moran only made clear its situation in its opinion as to what the situation was in New York State.

Q. Was that proposal given any consideration in arriving at the basis of exchange of stock?

A. That was one of the considerations, yes.

692 Q. You are a director, are you not, of the Associated Transport?

A. Yes; I am.

Q. You are also a stockholder?

A. Yes, sir.

Q. You are acquainted with the affairs of the company?

A. Yes; I am.

Q. A certain amount of stock, Mr. Altwater, has been subscribed by a list of individuals and concerns shown on Exhibit A-1-D of application in Docket No. 1613. I understand that the purpose of these stock sales was to provide funds with which to prosecute this application and the related application. Is that correct?

A. Generally, yes.

Q. And that the individuals and organizations listed in that exhibit paid cash for the stock, which is set up opposite their names.

A. Yes; with one exception.

Q. What is that exception?

A. I believe it was the case of Mr. Seymour, who paid roughly half in cash and gave his note—secured note for the balance.

Q. Well, I believe the testimony also was that the Transport Company was given certain stock in exchange of certain records. Is that correct?

A. That is correct.

693 Q. Aside from the Phoenix Securities Corporation, do you know of any banking institution that advanced any funds to any of these individuals or organizations for the purpose of purchasing this stock?

A. I know of none.

Exam. BAKER. Mr. Wiprud, I do not know whether the record is clear that the Phoenix Securities Corporation is a banking company.

Mr. WIPRUD. Will the witness state, is the Phoenix Securities Corporation a banking company?

The WITNESS. I don't know.

Mr. WIPRUD. Well, it is one of the stockholders of Associated Transport, is it not?

The WITNESS. That is correct.

Mr. WIPRUD. And that arises out of one-third ownership of the stock of one of the companies involved in this unification.

The WITNESS. Yes.

By Mr. WIPRUD:

Q. Has Moran paid any bonuses during the past several years?

A. Yes.

Q. Will you state for the record what those bonuses were and to whom they were paid?

694 A. 1940—is that correct, or 1939?

Mr. SULLIVAN. Either 1939 or 1940.

Exam. BAKER. Testify of your own knowledge, Mr. Altwater.

Mr. SULLIVAN. I object on the ground that it is immaterial.

The WITNESS. I think in 1939—

Exam. BAKER. Wait a minute. What is the purpose of the question, Mr. Wiprud?

Mr. WIPRUD. Well, I think it goes to the question of operating revenue of these lines. The exchange of stock is based partly on that, and if that is the yardstick we ought to know what has happened to the operating revenue of these lines during the past several years.

Exam. BAKER. I do not see any harm in letting the witness answer. You may answer, Mr. Altwater, if you know.

The WITNESS. I believe in 1939 there were bonuses totaling approximately \$15,000 paid to two officers. I do not recall any in 1940.

By Mr. WIPRUD:

Q. There has been some testimony here, Mr. Altwater, about the savings that might be effected in the reduction of insurance premiums. Do you believe that that can be effected insofar as Moran is concerned?

A. Very definitely I do.

695 Q. Do you believe that the insurance premiums that have been paid in the past several years have been somewhat excessive?

A. No; I do not think they were excessive.

Q. Well, how would the reduction be effected?

A. Probably by self-insurance in part, greater volume of business, the avoidance of duplicate insurance.

Q. How long has the Division Tires Sales Company been in existence?

A. About 2½ or 3 years; somewhere in there.

Q. And, as I believe you stated, the business of that company was the purchase and sale of gasoline and tires?

A. Tires and parts and household appliances—general commodities.

Q. Do you know the volume of business in the past year?

A. I don't know accurately. I think it was about \$300,000.

Q. And of that amount what represented sales to Moran?

A. About \$125,000, possibly \$150,000.

Mr. WIPKUD. That is all, Mr. Examiner.

Exam. BAKER. Any redirect examination, or any further cross-examination?

By Mr. O'BRIEN:

Q. Mr. Altwater, can you tell us if the Moran Transportation Company has a contract with the local union in Buffalo?

A. Yes; we have, sir.

Q. Is the same equally true in other territories at which they operate?

696 A. Yes.

Q. Can you state if any provision has been made with Transport Company to take over and continue in operation for the life of those agreements those particular agreements?

A. I do not know of any such arrangements, but I can say I feel that we certainly will.

Q. But they have not been made any part of the agreement between Moran and Transportation?

Mr. SULLIVAN. Excuse me. Your Honor, I object on the ground that there is no agreement between the Moran Company and the Associated Transportation Company.

Exam. BAKER. What is your question?

Mr. O'BRIEN. I believe, Mr. Examiner, that there is an agreement between Transport to take over the affairs of Moran Transportation. That is why I am here.

Exam. BAKER. The agreement actually is between the Associated Transport, Inc., and the stockholders of M. Moran Transportation.

Mr. O'BRIEN. In the event they will take over the operation of the company if this Commission approves it.

Exam. BAKER. Yes. What is the question of Mr. O'Brien?

(Question read.)

697 Exam. BAKER. Do you desire to rephrase your question in view of the explanation that has been made?

By Mr. O'BRIEN:

Q. Has there been any arrangement for the continued life of these agreements, that is, labor agreements, if the application now before the Commission is approved?

A. I would like to answer that in this way, if I may: Since we can't make any definite commitments until the Commission does decide this action, I can't say definitely, but it is certainly my understanding that whatever obligations the Moran Company has, contractual or otherwise, will be carried out.

Mr. SULLIVAN. I will stipulate for the record, to save questioning on that point, that the application and the intent of the Associated Transport is to take over all of the assets and all of the liabilities of the M. Moran Transportation Lines, which would include these union contracts, whether they are an asset or a liability.

Exam. BAKER. Of course, your application states that Associated Transport, Inc., will assume all the liabilities of the constituent companies in the event of consolidation, but have you been authorized by the board of directors of Associated Transport, Inc., to make any definite commitment with respect to the labor contracts?

Mr. SULLIVAN. No commitment beyond the authorization which has been passed to carry out the application which we are making here, which includes the provision to take over all of the assets and all of the liabilities.

698 Exam. BAKER. The record will show. Is there a question before the witness?

The WITNESS. No, sir. I think that was answered.

Mr. O'BRIEN: We got the answer to that, sir, by way of stipulation on behalf of Transport.

By Mr. O'BRIEN:

Q. Now, I believe you testified to the effect that Moran Company operates a convoy system. If I recall correctly you stated that there were two convoys. Now, are there any escorts used with these convoys?

A. What do you mean by "escorts"?

Exam. BAKER. Off the record.

(Remarks off the record.)

By Mr. O'BRIEN:

Q. I mean by that if there are additional drivers who are moved with the equipment.

A. No; there are not.

Q. As I understood your testimony, you would load three tractors on those convoys and move them to another locality where there would be a need for them.

A. The same way as we would move a load of freight: yes.

Q. And I believe you testified further that it was your belief that Transport Company, if approved and in operation by the

Commission, would use some fifty or sixty of those convoys. Is that correct?

A. That would be my estimation; yes.

699 Mr. SULLIVAN. Excuse me. When you used the term "convoys" did you mean a pooling?

The WITNESS. I would say I had reference to pooling, say, 50 tractors that could be moved either by convoys or under their own power, if the occasion demanded.

By Mr. O'BRIEN:

Q. Well, now, there is quite a difference in a movement as to whether we convoy them or move them under their own power.

A. Well, I would not venture a guess as to how many would be moved under a convoy and how many under their own power, except that it would be done as the occasion arises.

Q. Now, what would happen to the men who would, let us say, be assigned to the operation of those tractors?

A. Nothing would happen to those men, sir, because there would not have been any men if we did not have the tractors. This is just an adjunct to our regular service.

Q. The fact that you have those tractors, and the fact that you move those tractors from one location to another—

A. Yes.

Q. Leaves a supply of men at the location from which you move those tractors; isn't that so?

A. No. This would be a pool in addition to whatever the requirements of the Associated would need at the moment. This would be a completely different supply of equipment.

Q. And you believe that fifty or sixty tractors would be necessary for that pool?

700 A. In an operation of the size of Associated, I would say so, yes. I might add that in Moran's case we could have used as many as 25.

Q. How many did you use?

A. Six.

Q. Well, now, where did you mainly house those six tractors?

A. We have three in Buffalo and three in Syracuse.

Q. Now, the three in Buffalo, do I understand that you just keep them at the Buffalo terminal and do not use them?

A. Generally, that is true. I might modify that and say that at the moment that is not the case, but generally that is true.

Q. But there are periods when you use them?

A. Yes.

Q. Now, where do you get the men to man these tractors?

A. At whatever terminal point the—

Q. Well, let us say Buffalo. Let us go back to the Buffalo terminal.

A. The Buffalo men.

Q. Now, when you find the necessity of moving those three tractors, let us say, from Buffalo to Albany, what would happen to those three men that you were using at Buffalo who were handling and operating those tractors?

A. Now, keep in mind there were not three men operating
701 those tractors in Buffalo. The tractors, let us say, were in our garage. Now, if we had occasion to move them to Albany, we would put one man on one convoy with two or three tractors and move that into Albany, at which time the Albany men would get the work. In other words, by getting the extra tractors it does not deprive work; it gives more work and at the same time helps our service.

Q. Well, wouldn't the Buffalo driver lose his opportunity to work in the transportation of the tractor from Buffalo to Albany?

A. No. If we did not have the tractor, he would not have gotten the work in the first instance.

Q. Well, the fact that you had the tractor made the work available to him and he did get the work.

A. That is true.

Q. All right. Now that he was working, and the tractor has been moved from Buffalo, which is the thing with which he is provided his earning opportunity—

A. That is right.

Q. Those are his tools, so to speak. Now, those tools are moved from Buffalo to Albany and he does not move it.

A. That is correct.

Q. Then, does he lose his earning opportunity?

A. But three men at Albany get the work.

Q. We are not talking about the men at Albany, we are
702 talking about the period of time between Buffalo and Albany now.

A. You can't have it at both ends. In Albany the Albany men get the work, and in Buffalo the Buffalo men get the work, and in addition to that there is the over-the-road driver who carries the tractors to Albany.

Q. He still loses his earning opportunity between Buffalo and Albany.

A. Oh, you are still on that one question.

Q. Well, answer the question.

EXAM. BAKER. I think this is argumentative. Mr. O'Brien. He stated the facts. You may argue the facts in brief, if you desire. The question is argumentative.

Mr. O'BRIEN. Well, after all, Mr. Examiner, there is a serious question here so far as the employees are concerned, and in the operation of these so-called convoys there is a question of loss of earning opportunity and, after all, that is one of our primary interests in this proceeding, the loss of earning opportunity.

Exam. BAKER. Mr. Altwater has testified to all the relevant facts, or, if he has not, you can bring out additional facts; but so far as the conclusions are concerned, there is no need to argue in questions as to what results from those facts. You may inquire further as to facts only.

Mr. O'BRIEN. All right, sir.

By Mr. O'BRIEN:

703. Q. Now, do you know of any action taken by Associated for the further development of this convoy system?

A. None beyond the stage of mild discussions.

Q. There were some discussions?

A. Yes. I did mention it.

Q. There were no official actions taken?

A. No.

Q. Now, in the matter of the changing of tires, as I understand your testimony, between Moran and McCarthy—I believe it was McCarthy you testified to.

A. That is right.

Q. Now, in the case of the changing of those tires, are extra tires carried on the trucks operated by both of these operators?

A. No. Moran does not carry spare tires and; as far as I know, McCarthy does not, either. As far as I know, we don't carry any spare tires.

Q. Then, you would not know whether the tire changing was done through the drivers or other employees of the McCarthy or Moran Company?

A. I don't know.

Q. Now, with reference to the Acme Fast Freight, do they own and operate any equipment of their own? Do you know?

A. I don't know whether they own equipment of their own.

Q. Would you say that all of their equipment was leased equipment?

704. A. Generally I would say that is the case.

Q. And the same would be true of Liberty?

A. Yes.

Mr. O'BRIEN. That is all.

Mr. SULLIVAN. I have one question.

Redirect examination by Mr. Sullivan:

Q. Mr. Altwater, with reference to this tractor that Mr. O'Brien spoke of, which would be taken away from Buffalo and go to Albany, if there was any work for the tractor at Buffalo would it be sent to Albany?

A. No.

Mr. SULLIVAN. That is all.

Exam. BAKER. Witness excused.

(Witness excused.)

Mr. SULLIVAN. Mr. Evans.

SAMUEL EVANS, JR., being first duly sworn, testified as follows:

Mr. SULLIVAN. Before we start, Mr. Examiner, I wonder if we could have a night session tonight to get rid of two or three shipper witnesses who do not want to come back?

Exam. BAKER. How many witnesses do you have?

Mr. SULLIVAN. Well, I have three—four that must go back tonight. I will be very short with them. They must go back. And I understand Mr. Cochran has one that must go back tonight.

If we do not put them on tonight we cannot put them on at 705 all. I think you will find my questions very short.

Exam. BAKER. I will be glad to accommodate you by holding a night session, but let us see how far we progress with this witness before we determine on the time.

Mr. SULLIVAN. All right.

Mr. O'BRIEN. Off the record.

(Remarks off the record.)

Exam. BAKER. You may proceed.

Direct examination By Mr. SULLIVAN:

Q. Mr. Evans, will you give your name and address to the Reporter, please.

A. My name is Samuel Evans, Jr., 155 East Forty-fourth Street, New York.

Exam. BAKER. Is that New York City?

The WITNESS. New York City.

By Mr. SULLIVAN:

Q. Your business is what, Mr. Evans?

A. General traffic manager with the Robert Gair Company, subsidiary and affiliated companies.

Q. And is that company a national concern?

A. Yes.

Q. You have plants in a number of locations throughout the country? I am not asking you the names.

A. We have roughly 19 plants in the United States.

Q. And is the freight which flows into and out of those plants under your jurisdiction?

706 A. Yes, sir.

Q. Could you tell us generally what the nature of the products is that your company deals in?

A. Paper, pulp, and fiberboard, paper boxes, fiberboard shipping cases.

Q. Could you give us an estimate of the gross tonnage moved to and from your plants per year?

A. Approximately 900,000 tons per year.

Q. And could you give us an estimate how much of that moves by rail and how much by motor truck?

A. I should say 65 to 70 percent by rail and the balance by motor truck.

Q. You are familiar with the companies in this proposed unification or merger and with the territory they serve?

A. In a very rough general way; yes, sir.

Q. Do you have occasion to use motor carriers and rail carriers in that territory?

A. Yes, sir.

Q. And as between motor and rail carriers in that territory is the break-down substantially similar to which it is nationally?

A. That is right.

Q. Now, could you give us an estimate of the amount of freight in that territory which moves by motor truck in the course of a year?

707 A. I should say that 75 percent of our total tonnage moves in the territory east of a line drawn through Buffalo, Pittsburgh, Wheeling, and directly east of the Atlantic Seaboard. Roughly, 60 to 65 percent of that moves by rail and the balance by motor truck.

Q. Do you have occasion to use some or all of the carriers concerned in this application?

A. We use to a greater or lesser extent all of them, with the exception of two, I believe.

Q. Would you name those two?

A. Southeastern and, I believe, they call it, the Transportation, Inc.

Q. Transportation, Inc.?

A. Yes.

Q. Do you have occasion to use motor carriers by truck other than the carriers concerned in this application?

A. Yes, sir.

Q. Could you tell us how the tonnage which you move by motor truck in this area would be divided as between the carriers concerned with the application and carriers who are not a part of it?

A. Speaking as to common carrier truck operations, approximately fifty-fifty.

Q. In addition to common carrier truck operations, you move part of your freight by contract carrier operators?

A. That is right, sir.

708. Q. And those would not be, of course, involved.

A. They are not involved.

Q. You have been a traffic manager for how long, Mr. Evans?

A. I have been with the Robert Gair Company approximately 26 years, and general traffic manager for approximately 20 years.

Q. Assuming, Mr. Evans, that as a result of this consolidation, if permitted by the Interstate Commerce Commission, benefits would accrue, such as the speeding up of service, the reduction of loss, O. S. and D. claims, increased efficiency with respect to following or tracing shipments, reduction of billing costs to the shipper, simplification of his accounting methods with respect to bills, reduction of the time required by him to interview solicitors, less congestion at the shipper's platform, can you tell us whether or not, from your experience of 26 years as traffic manager, or connected with the traffic department of your concern—as to whether that would be a desirable thing or a benefit to your company?

A. Well, that is very obvious, sir; it would be.

Q. And from your same experience to which I have just referred, can you tell us whether or not, in your opinion, it would be a benefit to other shippers to whom the service might be available?

A. I should think it would, and to the public generally.

709. Q. You feel the granting of this application by the Interstate Commerce Commission is desirable?

A. I believe it is; yes, sir.

Q. You were familiar with the application last year, or generally the merger proposed in MC-F-1223, were you not, the proposed merger last year involving the Transport Company and certain carriers, some of whom or all of whom are involved here?

A. I know something of it; yes.

Q. When that was proposed, did you make some study of some of the operations of the carriers proposed to be merged in certain parts of the territory with which you are concerned?

A. Yes; I did.

Q. And at that time can you tell us what, if anything, you had done in attempting to put into effect the service which might then be offered with respect to your company?

A. We have had a problem over a period of time with reference to the movement of some of our products from the Niagara plant.

to destinations in Pennsylvania. It appeared that that particular merger, if it had gone through, would solve our problem through an interchange of equipment between Moran and Arrow Carrier at Binghamton. I had talked with the Moran people about it, and also with the Arrow Carrier, and felt reasonably well satisfied if the operation—if the merger had gone through our problem would have been solved.

710 Q. And after that merger was denied, did your problem still remain?

A. It is still with us.

Q. Would the approval of this application solve that problem?

A. I expect it would, sir.

Q. Has your company a policy with respect to using a single motor carrier in a given territory or using more than a single motor carrier in such territory?

A. We have a very definite fixed policy of using more than one motor carrier—motor common carrier from each one of our plants to the localities to which we have substantial movements.

Q. Assuming that this application were to be granted; would your policy in that respect change?

A. No, sir.

Q. Are you fearful that in the event this application were granted, and in the event, through some reason or other, stoppage of the flow of freight over the unified lines should occur, that you would be left without available service to handle your products?

Mr. WIPRUD. Just a minute. Mr. Examiner, is he assuming a condition that exists?

Mr. SULLIVAN. I am not assuming a condition that exists, I hope.

Mr. WIPRUD. You said "stoppage of the flow of freight over the unified lines."

711 Exam. BAKER. I believe the question is clear, Mr. Wiprud. Do you understand the question?

The WITNESS. I think I do; yes, sir.

Exam. BAKER. You may answer it.

Mr. SULLIVAN. The Examiner has ruled that you may answer.

A: We are not dependent on these lines now, and I do not imagine we would be if that condition came into existence. There are other operators who would handle our tonnage.

By Mr. SULLIVAN:

Q. Would they continue to handle tonnage in the future—the other operators?

A. They would still continue in business, absolutely.

Mr. SULLIVAN. I think you may ask—

By Mr. SULLIVAN:

Q. Oh, have you anything that you would like to say in addition?

A. I think not, sir.

Mr. SULLIVAN. That is all.

Mr. WIPRUD. No cross.

Exam. BAKER. Witness excused.

(Witness excused.)

Mr. WIPRUD. Mr. Sullivan, just a minute. Mr. Examiner, I would like to add the name of David Grant Macdonald, special attorney of the Anti-Trust Division, to the appearance for the Anti-Trust Division of the Department of Justice. It is necessary for me to leave. I understand there is to be a night session, and he will represent the Department at the session this evening.

Exam. BAKER. Mr. Macdonald is present in the hearing room?

Mr. MACDONALD. Yes, sir.

Exam. BAKER. Mr. Macdonald, are you admitted to practice before the Commission?

Mr. MACDONALD. No; I have not been admitted.

Exam. BAKER. Have you appeared in any cases before the Commission?

Mr. MACDONALD. No; I have not.

Exam. BAKER. You may participate in this one. I would suggest that if you desire to participate in any hearings in the future that you make application.

Mr. MACDONALD. Yes; I will. Thank you, sir.

Exam. BAKER. Mr. Macdonald, will you also fill out an appearance slip for the Reporter?

Mr. MACDONALD. Yes.

FRANK KORINEK, being first duly sworn, testified as follows:

Exam. BAKER. State your name and address for the record.

The WITNESS. My name is Frank Korinek; business address is 60 Hudson Street, New York City.

Direct examination by Mr. SULLIVAN:

Q. And your business is what?

A. I am traffic manager for Lamont, Corliss & Company, who are sales agents for the Peter Cailler Kohler Swiss Chocolate Company, and the Ponds Extract Company.

Q. I forgot to ask this of Mr. Evans, but I will ask you: Are you a member of any traffic organization or organizations?

A. I am a member of the Drug & Toilet Preparation Traffic Conference, headquarters in New York, and I also act as chairman of the Traffic Committee of the Association of Cocoa & Chocolate Manufacturers of the United States.

Q. You have engaged in the business of traffic for how long?

A. Twenty-three years.

Q. Would you give us a statement of the amount of tonnage you are concerned with in your capacity during the course of a year?

A. Our plant at Fulton, New York, that is, the chocolate works, handles inbound approximately one hundred million pounds, and the outbound tonnage is equivalent, or another hundred million pounds. At the plant at Clinton, Connecticut, Ponds Extract Company, the inbound and outbound tonnage is approximately forty million pounds.

Q. Are those the only two plants you have in the territory involved in this matter?

A. That is correct.

Q. You have, however, some other plants somewhere else, or are those your two main plants?

714 A. Two main plants; that is right.

Q. Now, do you have occasion to use motor-truck transportation?

A. We do.

Q. And do you also use rail?

A. That is right.

Q. About how would you say this tonnage that you have referred to is divided as between those two means of transportation?

A. Well, the outbound tonnage, we ship approximately seventy per cent to is divided as between those two means of transportation?

Q. Do you have occasion to use the carriers involved in this proceeding?

A. Yes; we do.

Q. All of them, or about how many?

A. About four.

Q. Would you name those four for the record, please?

A. We use Consolidated, Horton, McCarthy, Moran.

Q. Do you also have occasion to use carriers in your shipments from this territory other than those whom you have just named?

A. Yes; we do.

Q. How would you say the tonnage you have available for motor carriers in that territory is divided between those carriers?

A. I would say about 65 percent of the tonnage we ship is given to carriers who are not involved in this combine.

715 Q. Assuming—or did you hear my question to Mr. Evans in which I assumed certain advantages to the shipper?

A. Yes; that is right.

Q. You recall that? You have it generally in mind?

A. Yes.

Q. I am not asking you to repeat it.

A. No; but I would like to just answer that question by giving one specific illustration as to the benefit to our company and locality. Both at Clinton, Connecticut, and Fulton, New York, we are more or less smaller cities, off-line points, they would probably be called, and as such we do not have the proper transportation facilities. In other words, if we were to ship from Fulton, New York, to points in the south at the present time, we would have to use two or more carriers. And the same holds true on shipments from Clinton, Connecticut.

Now, we hoped that the previous combine that was contemplated would have gone through to have enabled us to have had a better service out of these more or less outlying points. But unfortunately it did not. And I stated at that time that a combine like this is right up our alley from the shipping points of where our factories are located.

Q. Then, I gather that the substance of what you say is that you in behalf of your firm are in favor of the granting of this application?

716 A. That is correct.

Q. Do you feel that the benefits from the granting of this application would extend to the shipping public and the public generally?

A. Yes. Naturally there would be other manufacturers in the same vicinity.

Q. Are you fearful that there would be any lack of competition in the territory with which you are familiar if these companies were put together?

A. No; I am not.

Q. Have you anything else you wish to say, Mr. Korinek, with respect to this matter that I have not asked you that you feel is important to your company?

A. The main reason is to get a through service from the territory where our factories are located into the southern points through expedited service.

Q. You feel you suffer from lack of such service at the present time?

A. We do. Absolutely we do at the present time.

Mr. SULLIVAN. You may inquire.

Cross-examination by Mr. MACDONALD:

Q. Mr. Korinek, is it?

A. That is right.

Q. At the present time how do the rates which you pay for your truck transportation to points in the southern part of
717 the seaboard compare with your rail rates?

A. We have through rail rates from Fulton, New York, to all points in the south. Now, the truck rates are based on combination rates from New York that would create the cheapest rate. Of course, we are in the hopes of having a through rate by this Associated Transport if and when granted.

Q. You expect the rates to be lowered, then, for through shipments after the Association is permitted to be formed?

A. Oh, absolutely.

Mr. MACDONALD. That is all.

Mr. SULLIVAN. May I ask another question?

Redirect examination by Mr. SULLIVAN:

Q. Part of your duties as traffic manager is to do what you can in that capacity to reduce rates?

A. That is right; absolutely.

Q. And when you feel that a rate is too high, a rate by a motor carrier is too high, what is there to do about it, or can you do about it?

A. Well, we discuss it with the motor carriers and try to arrive at some satisfactory rate. Of course, if the cost is too high they can't reduce the rate. If they are enabled to reduce the cost, they might then be enabled to reduce their rates.

Q. And you are familiar with the machinery that is provided by the Interstate Commerce Commission with regard to
718 complaints to shippers with respect to rates?

A. That is right. If we cannot arrive at a proper solution, we then take it up with the Interstate Commerce Commission.

Q. And you have been doing that yourself personally for a good many years with respect to rates, have you?

A. We have been doing that through the Associations which I mentioned.

Q. You have a group or Association—

A. That is right.

Q. Of which you are a member, to protect the interests of the manufacturers?

A. That is right.

Q. With respect to getting what they feel are proper rates?

A. That is correct.

Mr. SULLIVAN. That is all.

Exam. BAKER. Witness excused.

(Witness excused.)

Exam. BAKER. Off the record a moment.

(Discussion off the record.)

Mr. SULLIVAN. Mr. Vayo.

CHARLES H. VAYO, being first duly sworn, testified as follows:

The WITNESS. I reside at 343 State Street, Rochester, New York. I am the general traffic manager of the Eastman Kodak Company and its subsidiaries.

719

Direct examination by Mr. SULLIVAN:

Q. How long have you been engaged in the business of traffic manager or been the traffic part of your business?

A. About 12 years.

Q. And are you a member of any association or associations dealing with traffic?

A. Well, I am interested in several organizations, if that is what you have in mind.

Q. That is what I have in mind.

A. I am the alternate chairman of the Atlantic States Shippers Advisory Board; I am a committee member in connection with the National Industrial Traffic League; I have been chairman of the Transportation Council of Associated Industries; and I am now a member, and I have been chairman, of the Transportation Committee of the Rochester Chamber of Commerce; and I am a director of the Associated Traffic Clubs of America.

Q. I believe you stated that you were employed by the Eastman Kodak Company; is that right?

A. That is correct.

Q. And they have places of business in the territory involved in this combination of truck lines we have been discussing here?

A. That is correct.

Q. And the plants are located where?

720

A. We have several plants in Rochester; we have plants in Peabody, Massachusetts; we have plants in Chicago—of course, that is probably a little west; and we have plants in Kingsport, Tennessee.

Q. And would you give us a figure of the gross tonnage with which your company is concerned in the course of a year—movement?

A. Well, I would estimate our tonnage somewhere in the neighborhood of 500,000 tons.

Q. Do you use carriers other than motor carriers?

A. Many of them.

Q. Rail carriers?

A. Rail carriers, water carriers.

Q. Could you give us an estimate as to how the tonnage which you turn over to rail carriers and motor carriers is divided between such classes of carriers?

A. I think a fair percentage would be about 60 percent rail and 40 percent trucks.

Q. Would you give us an estimate of the amount of tonnage you have to be transported in the territory involved in this application?

A. I do not believe I could give you a figure that would mean very much; it would just be a guess.

Q. Is it a substantial amount of tonnage?

A. It is a substantial amount of tonnage; yes.

721 Q. Do you have occasion to use the carriers with whom we are concerned here as well as carriers who are not a part of this proposed unification?

A. Oh, many of them; yes.

Q. About how many of the eight carriers with whom we are concerned here do you have occasion to use?

A. Well, in any volume I would say perhaps Moran, Consolidated, and McCarthy. I think those three would—

Q. What can you say as to whether you give more tonnage to these three carriers you have named or more tonnage to carriers in the territory other than those three carriers?

A. I don't think I understand the question.

Q. Well, I will put it this way. Of the amount of tonnage you give to motor carriers in the territory we are discussing here, could you give us the percent or the relationship of such tonnage as you offer to the carriers involved in this merger and carriers who are not involved in it by motor?

A. Well, if I understand your question, we would give a substantial portion of our tonnage to the carriers involved in this proposed merger.

Q. That is, you presently do?

A. We presently do. But there are many, many other carriers that are not being considered here at all that are now getting and would continue to get.

722 Q. And would that latter class of carriers get more than the carriers involved in this application?

A. I think they would; yes.

Q. Did you hear the question I put to Mr. Evans in which I listed certain benefits, and assuming that those benefits would be the result of the approval of this merger, I asked Mr. Evans

if he felt that was in the interest of his company? Did you hear that?

A. I think I was out of the room at the time.

Q. All right, then, I will put the question to you directly, sir.

Assuming that the Interstate Commerce Commission approved this merger, and assuming that as a result of the merger there was a speed-up of service between various points; that the O. S. and D. claims were reduced both in number and as to severity; that the bookkeeping procedure of shippers would be simplified as a result of having to handle a lesser volume of bills; that the number of solicitors you would have to interview in order to cover a given number of points was reduced; that you could use truck service to a greater number of points without having to have so many trucks at your platform; would you feel that the action of the Commission in approving this merger was a proper one and one that would be for the benefit of your company?

A. Yes, sir.

Q. Would you feel that such benefits would also accrue
723 to the shippers generally within the territory?

A. Yes; I do. As a matter of fact, I am interested in this merger not only from the standpoint of Kodak Company's interest but also to our thousands of dealers who, after all, have to reship our goods, and, in a sense, we have to do their job for them.

We take the position that service is the thing that we are interested in first of all, the sooner we get the goods to our dealer to get on the shelf and the sooner he sells them and gets his money, the sooner we get another order. So it is to our interest that such service is available.

I think, too, that, after all is said and done, the trucking industry is in its infancy. It has had a mushroom growth, so to speak. And I think a measure of this kind not only merges equipment and service but it merges the minds and the thought and the experience of some of the leading industrial leaders in the trucking industry; and when that is accomplished it is bound to result in a much better service. Certainly it is going to result in a managerial standpoint, such as maintenance cost, insurance, terminal costs are all going to go into the picture and have its effect.

Now, whether that will mean cheaper rates we are not interested particularly. In other words, we are not interested in cheap
724 rates. We are interested to the extent that by that combination, by the sources of this merger, that we would be able to get more for our money in the way of service. I do not mean to say that we are not interested in rates; we are interested in rates to the point that they are fair—they are fair to us and they are fair to the other fellow. We are not interested in cheap rates.

Q. Mr. Vayo, the associations to which you belong, which you enumerated, are pretty well conversant with the ways of keeping rates at the place where they reasonably satisfy you gentlemen; is that right?

A. That is right.

Q. And you feel there has been a lack of stability in the motor truck industry in the past?

A. Yes; I think a merger of this kind, as I say, bringing together the heads, leading heads of some of our trucking industries, will do that very thing—will stabilize the industry. That is what it needs today.

Q. Are you concerned that there would be any lack of competing lines available to you by way of holding this merged outfit in place?

A. No; not at all.

Q. What do you say as to your feeling with respect to any rights you may feel that you as a shipper and the rest of the shippers have to have truck line service improved and extended to points where you may have occasion to ship?

725 A. Well, I don't think I understand your question. You better rephrase it.

Q. Well, maybe I got involved, so I will try to rephrase it. Do you as a shipper feel it is the right of the shipping public to have mergers of this kind put into effect, assuming that they are done in a proper manner?

A. Yes; I think that is the only way the trucking industry is going to survive. We have had a similar operation east and west. It has been successful. It seems to me that one going north and south is going to be equally successful.

Q. Have you had occasion to use the systems running east and west?

A. Oh, yes.

Q. And do you find that that is more satisfactory than the situation was before there were such systems?

A. Oh, much more. If you can make a shipment starting from Portland, Maine, and take it down to Pensacola, Florida, certainly it is not to be compared with one you have transferred a half dozen times before you reach there, and Lord knows whether you get your merchandise there.

Q. Have you anything more you would like to add to your testimony?

A. I don't think so.

Mr. SULLIVAN. That is all the questions I have of Mr. Vayo, sir.

726

Cross-examination by Mr. MACDONALD:

Q. Mr. Vayo, mentioning the east-west lines, which ones on it did you have in mind?

A. Well, take, for instance, Keeshin Lines.

Q. Would you say that is considered generally a successful operation today?

A. Well, I am not talking about it financially, whether it is a success financially, so far as Keeshin's operation is concerned. Certainly in some respects it has been successful so far as the shipper is concerned.

Q. Weren't you speaking, in your talking about stabilization, about the trucking industry?

A. That is true.

Q. In the territory in which you are served by members of this proposed association, namely, Moran and Consolidated, and McCarthy, if this association is approved and goes into existence, what other carrier will carry an equal or greater amount of freight in that territory?

A. Well, I should say—for instance, out of our Kingsport, Tennessee, plant we have got the Mason-Dixon Line—

Q. Excuse me. I am referring to the New York and New England States solely, because those are the only states in which Moran and Consolidated and McCarthy operate.

A. You are talking about New England.

Q. The New York area and New England.

727 A. Well, I think, for instance, if we had very larger operation today, that the Richards Motor Freight Lines—

Q. My question was: Who will get the bulk of your business in that territory?

A. I can't tell you that, except to say that the man that gives us the service will generally get our business.

Q. You are interested primarily in service rather than rates?

A. Service comes first; yes, so long as the rate is reasonable.

Q. Do you know of any other trucking system existing today which would compare in extent of operation with the proposed one?

A. No. That is why I am interested in the proposed one, because there are none.

Mr. MACDONALD: That is all.

Exam. BAKER: You are excused.

(Witness excused.)

Exam. BAKER: We will take a recess.

(Whereupon a short recess was taken.)

Exam. BAKER: Come to order, please.

V. R. TUPPER, being first duly sworn, testified as follows:

DIRECT EXAMINATION

The WITNESS. My name is V. R. Tupper. I am general traffic manager of Remington-Rand, Inc., and subsidiary companies, headquarters at 465 Washington Street, Buffalo, New York.

By Mr. SULLIVAN:

Q. Mr. Tupper, are you a member of any traffic groups or associations, or an officer?

A. I am a member of the National Industrial Traffic League; I am a member of the Highway Committee of that association; I am on the Transportation Committee of the Buffalo Chamber of Commerce; I am chairman of the Transportation Committee of the Typewriter Industries; I am a member of the Niagara Industrial Traffic League; I am a member of Associated Industries of New York State; and some other bodies.

Q. And your position with Remington-Rand, you stated, is—

A. General traffic manager.

Q. You have occupied that position for how long?

A. Well, I have occupied that position for approximately 10 years. Before that I was traffic manager of the Remington Typewriter Company.

Q. You have been engaged in traffic matters—

A. For about 25 years.

Q. You are familiar with the names of the companies involved in this proposed merger or consolidation?

A. I am, sir.

Q. And are you familiar with the territory that is covered by their operations?

A. I am.

Q. Would you state the locations of the plants of your company in this territory?

A. We have plants at Tonawanda, New York, plants at Ilion, New York, plants at Bridgeport, Connecticut, Elmira, New York, Brooklyn, New York, a plant at Atlanta, Georgia, in the territory covered. We have other plants outside of this territory.

Q. Would you give me the gross tonnage with which you in the capacity for your firm are concerned?

A. Approximately 700,000 a year—700,000—million pounds a year.

Exam. BAKER. What was that?

The WITNESS. Wait a minute. 700,000,000 pounds a year, yes; that is right.

By Mr. SULLIVAN:

Q. You use trucks in your transportation?

A. We do.

Q. And rail?

A. We do.

Q. How would you say the division between those two transportation—

A. About 70 percent rail and 30 percent truck.

Q. You use trucks extensively in the territory?

A. We do, on account of the distance involved and the service.

Exam. BAKER. Will you please wait until he completes his questions?

The WITNESS. Excuse me, sir.

730

By Mr. SULLIVAN:

Q. And when you say "on account of the distance involved" what do you mean by that?

A. Well, I mean that we find it for a shorter distance, say, within a range of 300 miles, 400 miles, that we get a better service by truck than we do by other means of transportation.

Q. Do you have occasion to use the trucking companies involved in this—

A. We do.

Q. Do you use trucking companies other than those companies?

A. Yes; we do.

Q. How would your freight be divided as between the two groups?

A. Oh, I don't know that I am prepared to answer that question. We use many of the carriers on that list.

Q. You mean Exhibit—

A. Yes; on that exhibit.

Q. Four?

A. We use many of the carriers involved there.

Mr. SULLIVAN. I wonder, Mr. Examiner—I do not recall whether you received this in evidence or not.

Exam. BAKER. It was received in evidence.

Mr. SULLIVAN. All right.

I am referring now to applicant's Exhibit 4.

By Mr. SULLIVAN:

731 Q. If this application were granted, would you continue to have occasion to use companies not involved in the application?

A. Oh, definitely.

Q. What are some of the advantages, Mr. Tupper, which you feel would flow to your employers from the granting of this application?

A. Well, as an illustration, if we wanted to ship a truckload of furniture from Buffalo, New York, steel filing cabinets, or products of that kind, we would probably not be able to use a truck movement, because there would be an interchange, or considerable interchanges at various points along the route, say, from Buffalo to Atlanta, Georgia. If we wanted to ship a truckload, sixteen or twenty thousand pounds, whatever the minimum might be, we would probably ship that by rail. We would take the car and put it on our siding, see that the furniture was placed in it properly and then when the car arrived at destination it would be unloaded there, the furniture not having moved in transit. Obviously, if we put it on a truck that did not run through from Buffalo to Atlanta, we would be subject to considerable damage, and also probably short shipments.

Our experience with transfers has been particularly a bad one. We use lines where we ship truckloads from one point to another, the truck backs up and takes, say, twelve hundred feet of merchandise, puts it in, takes it to the transfer point, the transfer carrier puts it on a thousand foot body, which it doesn't
732 it in, so they leave the two hundred feet off the body and trust to God it will get down there.

So we have had some movements where it has been quite essential that we did not have that transfer; and those are the things we find. We, as a company, endeavor to use lines that have a financial stability. I don't know that size means that, but it possibly means that to us.

Now, we operate, as an illustration, from Benton Harbor, Michigan, where we have a plant, to New York City via the Inter State Freight Lines. We operate from Connecticut into Chicago and St. Louis via Spector. And we think that it is a decided advantage if we can get one line that will make a through movement from one point to another.

We ship—as an illustration, if we are shipping to Denver, Colorado, out of Buffalo we will load it onto a certain company and they will take it to Chicago and transfer. Well, it is a rush order, and our Denver office want it. So they say, "Who did you ship it by?" Well, we know who shipped it to Chicago, and we may even specify the route beyond, but half the time a carrier doesn't pay attention to the route we prescribe. And then there are calls and wires, "Where is it?" So we have to get the originating carrier. If we have one company—take, as an illustration, Akers from Buffalo to Chicago. We know he is going to deliver it. We

733 look up the routing, and our branch can wire or contact such and such an office.

We believe the merger—take the question of claims. We ship via two carriers. The originating carrier takes the material. It is damaged at its destination. We file claim with the originating carrier, and they got a clean receipt, and they tell you to go to the John Brown Company. So the John Brown Company isn't worth much. So we go after them, and we have a grand time trying to collect our money on that basis.

If we go to a rail carrier—if we file a claim with the New York Central as originating carrier, there is no difficulty at all, no matter how many carriers are involved. We don't have that kind of thing.

We believe that the merger will develop a better personnel. We have found that small operators don't have proper traffic men working for them. As an illustration, we had a case the other day where we had a commodity rate from one point to another point. The commodity rate was cancelled out. I received a copy of the tariff, and I called the carrier, talked to him, and I said, "Well, we don't mind this rate going out if it is not a compensatory rate, but we think it is only fair that we should be told that such action is going to take place, and we should be given an opportunity to defend our position on these rates." I said, "Were you at the meeting?" He said, "Yes."

734 "What action did you take?" He said, "I didn't know they were putting it out." "Why didn't you?" "I didn't understand it." There is an operating manager attending a meeting that doesn't know anything about traffic. And the rate is out.

Now, in our dealings with the larger companies we have found that they necessarily will tell us when these rates are going to be attacked or going to be out and tell us whether we can discuss the matter, especially in these rate bureaus, and we have an opportunity to present our case. I think that is another thing that will be accomplished.

Q. And had you known about this change in the rate in the illustration you have given you would have taken such action?

A. Oh, absolutely, definitely, right away. I mean we would have tried to prove it was compensatory, whatever the case might be.

Q. Of course, you still could take action?

A. Well, we are going to take action. We are going to ask for a docket and a hearing. But after the rate is thrown out it is a little more difficult to get it in again.

Q. Excuse me. I do not mean to divert, but I want to touch on another point here.

A. Yes.

Q. I understand your experience with the larger carriers
735 is that they treat you fairly in respect to such matters.

A. Definitely. We have had carriers tell us that they couldn't handle the business when certain rates were in. We have argued across the table, and we would try to arrive at a fair basis. And the larger carriers, we have found that they have competent and able traffic men that understand the mechanics. And the small carriers, they may make appearances at rate hearings, but their knowledge of traffic is not sufficient to enable them to protect our interests.

Q. Then, I gather that it is your feeling that the mere fact that a carrier is large does not mean that it is going to push the rates up all the time?

A. No, definitely not. Definitely not. Of course, you have got your competition that will prevent that, and, of course, you have got your Commission, that the shipper has his rights before it to take these cases to.

Q. I ask you this question, Mr. Tupper, because it occurs to me I don't think it has been touched on before: Assume for a minute facts such as these: That there was an operation brought about by virtue of this consolidation, we will say, between Buffalo, New York, and Atlanta, Georgia—just to pick a good long one—and as a result of the merger just assume the fact, if you will, that there were no other truck lines running in that territory. Have you a way to protect yourself against any un-
736 fair practices by this line running under those assumed conditions by reason of the volume of business you give to the same line for its local business around your territory?

A. We would have ways of protecting ourselves with other means of competition. In other words, we would have rail competition; we would have carloading competition.

Q. You are also in position to divert from a carrier who does not treat you fairly, in your estimation—to divert from the tonnage right around your territory, or on shorter hauls?

A. I might say that the movement of our products into the south by motor carrier is not particularly large, not compared to other territories, for the very reason that where these carriers—as an illustration, Horton Motor Lines don't have connecting carriers out here in the territory that we serve, and we, of course, can use a carloading company that goes in there, take advantage of motor carrier, rail, whichever they see fit to do. The fact that this one line haul, as an illustration, from Buffalo to Atlanta would enable us to ship in one body, I think would increase the business that would move via motor carrier.

Q. Let us take the situation from Buffalo to Atlanta. When you have freight to send there how do you transport it?

A. As a general rule, the carloading companies, Universal, Acme, or National—it is one of those companies—and if we have a complaint, we go to one party; we don't go to somebody and they go to somebody else. And I think we could develop more business by motor carriers, because obviously the carloading companies, as an illustration, might take that freight by motor truck to Cincinnati, or rail to Cincinnati and then by motor truck to Chattanooga, or some place, and then by motor truck over to Atlanta, Georgia.

Q. Are you saying, Mr. Tupper, that the granting of this application would put the motor carriers involved on a competitive basis with the carloading companies?

A. They would probably give a better service. What we are trying to prevent is this interchange of freight.

Q. Are there other advantages that you feel might be gained from the granting of this application that you have not already told us about?

A. Well, I think I have cited the main advantages: Through bodies, dealing with responsible companies, proper traffic personnel—

Q. You feel there would be—excuse me.

A. We, of course, and a good many other industries today, have built their shipping rooms and shipping facilities on the basis of rail shipments, and we have had to curtail the number of operators we use at some of our plants. We may only have a two or three door platform. Now, if we try to spread that over twenty carriers they must all wait. Now, if we can centralize on a certain number of carriers that can give us a through service, we save money for the operators and also for ourselves.

Q. You feel that there would be any speed up of the service between various points?

A. Well, I should certainly think that a lack of interchange would necessarily mean a faster service.

Q. Well, have you had experience in shipping where there has been an exchange, or an exchange has been necessitated, and also shipping to equal distances where the exchange was not required?

A. Oh, yes.

Q. And what has been your experience with respect to the comparative speed?

A. Well, I would say that 80 percent of the time they were probably equal. The other 20 percent the interchange bogs down woefully.

Q. And is it important to you to have a reasonable period that seasonable freight is going to get to a particular point?

A. It is very definitely today.

Q. What can you say as to the advantage to you as a shipper which might accrue through direct wire service between the terminal points of the carriers?

A. I should think that would be a very definite advantage.

I mean if we use a carrier that originates freight at Buffalo, and we are shipping to Atlanta, as an illustration, I would call up the office of, say, Moran Transportation Lines, and I would say, "Here, this shipment was supposed to be down there last Thursday and I have just had a wire from Atlanta that it has not arrived. What is the story?" I expect through direct wire service they will be able to get the answers. They would immediately contact their interchange company.

Q. Anything else you care to add?

A. Nothing.

Q. Are you fearful that a merger such as this would result in the monopoly of the truck line business?

A. I don't see how it possibly could. I mean with the number of carriers operating today, I don't think they are all going to pull up their tents and go out of business just because you are coming along with this merger.

Q. Do you favor the granting of this application? I take it you do.

A. I think from a service and from a shipping standpoint that it would have very many advantages.

Q. You feel that is true with respect to shippers other than yourself?

A. Very definitely.

Q. What do you say about that with respect to the general public?

A. Well, I think that they would have the same advantages we have.

740 Mr. SULLIVAN. I think that is all the questions I have.

Cross-examination by Mr. MACDONALD:

Q. Mr. Tupper, you said you felt that other shippers would share the advantages with you.

A. That is just my opinion.

Q. Do you know what percentage of motor carrier freight is carried over a distance longer, say, than 300 miles?

A. I would not have any idea on that, sir.

Q. Then, as to the other members of the public, for whom you anticipate advantages, that is more or less limited to those who would be interested in what is called long hauls?

A. Yes.

Q. You stated, I believe, that you felt that there would be no danger of rate control by such a large company as the proposed one because the competition, among other factors, would prevent it.

A. Well, what I meant to imply was that I don't think the shipping public need to fear that the rates are going to be out of line because there is a lot of machinery to take care of that situation, just the same as there is with the rails today.

Q. What machinery do you have in mind?

A. We have the Interstate Commerce Commission; we have rate bodies.

741 Q. These rate bodies are shippers?

A. No. You have your motor carriers. I think you have your rails. You have your classification committees. I think these bodies, as a general rule, especially in the rails, are endeavoring to give the shippers a fair and proper rate; and I think as the motor carrier industry develops that they must of necessity follow the same practice.

Q. Do you believe that in the absence of competition in any particular locality that there still would be an effective check on the rate control or manipulation by large—

A. I can't figure that picture. In other words, I can't figure the picture in which you are going to eliminate competition. If any competition gets so bad—if we needed the type of service that a motor carrier gives and couldn't get it because—or the monopoly put up the rates to such a point that they are prohibitive, we would go and buy our own equipment.

Q. You are assuming a rather doubtful situation.

A. I am assuming there never would be a case where there would not be competition. But if it did possibly happen, there would be a means to defend ourselves. We are not afraid that any monopoly is going to run away with rates.

Q. But you do feel that competition will be necessary in order to maintain a balanced picture in regard to rates?

742 A. Well, I don't know that—I mean—put it this way: At the present time there are many motor carrier associations—the Central States, Middle Atlantic States, you have your Eastern Central Associations, and those people meet together and sit down and fix rates—sit down and say that this is going to be the rates and we are all going to abide by them. So as far as the competition goes, they all put on the same rate. Now, we can protest those rates, just as I explained before. That was a case where the motor carriers in this bureau decided that the cut was too low, and they got together and even outvoted the man that was giving the lower rate and put the higher rate into effect.

Q. Do you know what was said in the original hearing as to whether it would be taken up to the Commission?

Exam. BAKER. I do not believe you should go into that. I think we should not go into the mechanics of these rate bureaus. It is not relevant to the proceeding.

Mr. MACDONALD. Very well.

By Mr. MACDONALD:

Q. What other carriers besides the Associated Company, if the application is granted, would carry your traffic over such long hauls as the example you have assumed, Buffalo to Atlanta?

A. Well, as I say, Buffalo to Atlanta at the present time, most of the business moves by carloading company. I gave you the reasons for moving by carloading company now. I think that if some of the carriers out of the territory had a through
743 service, through bodies, where there was no interchange and had concurrences with the carriers themselves, why, I think that it would even develop business for these carriers.

Q. In your own case what would change in the picture you have just presented about your shipments by carloading companies?

A. What would change is, if this merger went through, or any similar case went through, where John Brown in Buffalo would take freight into New York and tie up with Henry Smith & Company in New York, we would have one body from Buffalo to Atlanta, Georgia. We could load our freight, see that it is properly loaded, and see that the freight would get down to its destination. Now, our means of shipping today, as I explained, the freight might move to Cincinnati from Buffalo, then by rail to Chattanooga and then trucked to Atlanta, Georgia—three transfers, where this eliminates any transfers. It is our objective and purpose to use lines, and always do use lines, that have truck service if we possibly can—or almost all.

Q. Your carloading business, then, would be substantially diverted to trucking?

A. Oh, no; I did not say that. I don't say what we would do; I say that is what the advantage would be.

Q. But you do not say what you would do?

A. I don't like to make a definite statement of what we would do until the occasion arises.

744 Q. I see. You have stated that because of the facilities existing in many of your plants you prefer to do business with one rather than several carriers; also for the reason that it is easier to determine overshots and damages, and other elements that enter into it.

A. Well—

Q. Let me finish.

A. Excuse me.

Q. In the event this application was granted, and you had the advantage of this through service into the south, would that change the picture as to local business around your plants in the northern and New England States?

A. Well, I don't think it would a great deal. I don't think if this merger went through that it would make any material difference. In this merger we have got three large companies; we have Consolidated; we have McCarthy; we have Moran. We give them all a good share of our business, and I don't think it would mean any particular increase or any particular decrease.

Q. They do have the larger share of your business?

A. I don't say they have the larger share; we do give them a large share.

Mr. MACDONALD. That is all.

Mr. SULLIVAN. I have no more questions.

745 Exam. BAKER. Witness excused.

(Witness excused.)

Mr. COCHRAN. Mr. Stevens. Mr. Examiner, this will be the last witness.

Exam. BAKER. Very well.

PAUL STEVENS, being first duly sworn, testified as follows:

Direct examination by Mr. COCHRAN:

Q. State your name and residence.

A. Paul Stevens, Burlington, North Carolina.

Q. What business are you engaged in?

A. Cotton goods manufacturer.

Q. What company are you with?

A. The Stevens Manufacturing Company.

Q. How long have you been with that company?

A. Twenty years.

Q. What is your position?

A. President.

Q. Do you have charge or supervision of the shipments of your manufactured product?

A. I do.

Q. Your plant is located at Burlington?

A. Yes, sir.

Q. Are you interested in any other shipping or manufacturing plant?

746 A. No, sir.

Q. About how much in terms of pounds constitutes your annual shipping, Mr. Stevens?

A. About two million pounds.

Q. You have reference to outgoing shipments as well as incoming shipments?

A. No; that is the outgoing product.

Q. There are shipments coming into your plant?

A. Of an equal amount.

Q. Of an equal amount?

A. Yes.

Q. From what points do these incoming shipments originate?

A. They originate at different points in Georgia, South Carolina, and North Carolina.

Q. And to what points are your outbound shipments directed?

A. Throughout the whole United States.

Q. Any particular locality to which the larger portion of it goes?

A. I would say that 80 percent of it went to the metropolitan district around New York and New England.

Q. And the remainder scattered about all over the United States?

A. Yes, sir.

Q. Are you acquainted with the names of the carriers in the application?

747 A. I am.

Q. Which ones of those companies operate in your section of the territory?

A. The Horton Motor Line and Barnwell Brothers; those two.

Q. Does Transportation come into your territory?

A. Only as a primary carrier.

Q. What do you mean by primary?

A. Well, tying in with Barnwell.

Q. Does Southeastern have operating rights in your territory?

A. No.

Q. Are you acquainted with the operations of Arrow Carrier?

A. Only in a general way.

Q. Consolidated Motor Lines?

A. In a general way.

Q. Are there any common carrier operations available for your shipments that go direct into the metropolitan area and on into the New England area?

A. Into the metropolitan area I would say there were 15 to 20 other carriers.

Exam. BAKER. You mean the metropolitan area of New York?

The WITNESS. New York City.

By Mr. COCHRAN:

Q. Are there any of those carriers that go on beyond the metropolitan area into the New England area?

A. Not that I know of; I don't think so.

Q. You do not know Akers, how far Akers and Hudson go?

748 A. No; I don't know.

Q. What proportion of your shipments is by motor truck and what proportion, if you know, by rail, percentagewise?

A. Well, our incoming raw commodities are a hundred percent by truck, and I would estimate that the outgoing goods would run eighty percent by truck.

Q. Do you do business with Horton Motor Lines and with Barnwell Brothers?

A. Yes.

Q. What portion of your outgoing freight and incoming freight will those two companies handle, do you suppose? Do you know?

A. I would have to estimate that.

Q. About what?

A. That would be, I would say offhand—about 50 percent of all motor shipments each way would be handled by those two firms.

Q. And the remainder of your shipping business is handled by about how many companies?

A. Not less than ten.

Q. What proportion of those ten that are furnishing you that service go direct to the metropolitan area of New York?

A. Well, all of them on outgoing freight; incoming freight is handled by some small feeder lines in scattered points where we have sources of supply.

Q. There has been testimony introduced in this case, Mr. Stevens to the effect that if this consolidation is permitted that it will produce a more efficient and dependable operation. I am going to enumerate some of the things that have been testified to for you: The reduction in loss and damage to freight, the better communication system as between shippers and carriers, and expedited service on account of the elimination of transfers, and a better and a more efficient use of equipment and terminals, and various other essential features, some of which you have heard. You have heard some of the testimony, have you not?

A. I have.

Q. Assuming this testimony is true, would such a unification and consolidation benefit you in your business?

A. Very much indeed.

Q. Would it benefit the public generally, in your opinion?

A. I should certainly think so.

Q. Have you any comments that you wish to make as a result of the answers you have given?

A. Well, only to emphasize one thing, that in my particular business we are engaged in manufacturing fancy goods of a seasonal nature on contract, and our ability to successfully do that is a question of the expeditious way in which we can turn it out, and naturally I am very much interested in any merger which holds out the promise of a faster and more reliable service.
750 not only in getting my raw materials to me, but in getting my finished goods to my trade, and that is a very important thing.

Q. Did you hear the testimony as given here by the last two witnesses?

A. I did.

Q. Generally speaking, do you concur in what those witnesses said with reference to the benefits to be derived as a result of this unification—benefits to the shippers and shipping public?

A. Generally speaking, I see nothing to add or detract from their testimony. It is my experience one hundred percent.

Q. Can you in this unification or consolidation as proposed see anything that looks like a monopoly in the motor transportation business insofar as it affects your territory?

A. Well, the mere fact that we are using some ten other carriers, and there are at least ten or fifteen more in addition, which would be available to us if we needed them, would hardly suggest the threat of any monopoly, unless they should all suddenly retire from the field of operations simultaneously.

Q. Mr. Stevens, are there any other comments that you would like to make?

A. No, sir.

Mr. COCHRAN. That is all the questions I care to ask this witness.

751

Cross examination by Mr. MACDONALD:

Q. Mr. Stevens, can you state what percentage of your outgoing business goes to the metropolitan area of New York, roughly speaking?

A. Well, I stated that about eighty percent of it went to New York City and New England.

Q. Eighty percent of your business goes to metropolitan New York or beyond to New England?

A. That is correct.

Q. And of that eighty percent of your total business fifty percent of it, approximately, is now handled by the two companies operating on that run which will be in the merger?

A. Approximately so.

Q. You have also stated that you anticipate great benefits resulting to shippers and the shipping public from this unification. In view of the benefits you spoke of, do you anticipate diverting any of the remaining thirty percent or fifty percent of the business to New York to the other carriers of the unified lines?

A. No; we do not, or the simple reason that we do not control our outgoing shipments. They are sold strictly f. o. b. mill, and our customer determines the routing.

Q. Well, then, benefits to you are only indirect.

A. They are material. They are material in that the better facilities that I have to deliver into New England and to New York City against the competition which I have, why, the
752 greater advantage it is to me, to serve my trade quickly.

Q. Do most of your shipments to the metropolitan New York area consist of carloads; that is, truckload or trailerload quantities?

A. No; they do not.

Q. They are part loads?

A. They are part loads.

Q. So as far as through shipments are concerned, that would not be of advantage to you, would it?

A. No; it would not.

Mr. MACDONALD. That is all.

(Witness excused.)

Mr. COCHRAN. Mr. Examiner, I am sorry. One witness wants to be put on. It is up to you.

Exam. BAKER. All right,

Mr. COCHRAN. All right, Mr. Autrey. I don't like to do this, but—

J. J. AUTREY, being first duly sworn, testified as follows:

Direct examination by Mr. COCHRAN:

Q. State your name and place of residence, Mr. Autrey.

A. J. J. Autrey, Atlanta, Georgia, traffic manager, Beck & Gregg Hardware Company.

Q. How long have you held that position?

753 A. Six years.

Q. What business were you in prior to that?

A. Traffic work; hardware traffic.

Q. You have been in traffic work for how long?

A. Approximately fifteen years.

Q. The business you represent is located solely in Atlanta?

A. Atlanta and Savannah.

Q. What area covers your shipments?

A. Outbound we cover five states, North and South Carolina, Tennessee, Florida, and Georgia.

Q. And inbound?

A. We get it from all over the United States.

Q. Principally from what section of the country, if there is a principal section?

A. Principally from the 'Middle West,' Chicago area, and the eastern area.

Q. About how much in pounds or tons do you ship annually?

A. Approximately fifteen million pounds in and fifteen million pounds out.

Q. A total of thirty million pounds.

A. Per year.

Q. Per year. Are you acquainted with the names of the companies set forth in this application for consolidation?

A. Yes, sir; I am.

754 Q. Which ones of the companies operate in the territory generally that you use, or is it a fact that they all operate in the territory you use?

A. They all operate in the territory we use in-bound, and two of them out-bound.

Q. Which two of them?

A. Horton and Transportation.

Q. All of the companies represented in this group are used by your company generally whenever the occasion arises for in-bound shipments?

A. That is right.

Q. At the points where your out-bound shipments begin, generally speaking, what companies—how many trucking companies furnish you the service that you require or whose service there is available for you?

A. On out-bound shipments we use approximately fifty.

Q. From what point?

A. From Atlanta.

Q. About how many from Savannah?

A. Approximately ten.

Q. Are there others that you do not use in that territory whose service is available for you, so far as you know?

A. Yes; there is.

Q. Do you know what percentage of your shipments is by rail? In-bound shipments I am talking about.

755 A. Approximately 60 percent in-bound by rail and 40 percent out-bound by rail.

Q. Out-bound—

A. Out-bound approximately 80 percent by truck.

Q. Your out-bound shipments would be classified probably as short-haul shipments?

A. Yes; altogether. The furthest distance would be Miami.

Q. It has been testified in this case, Mr. Autrey, that a consolidation such as proposed would bring about a more dependable and a more efficient motor truck operation, possibly a considerable reduction in loss and damage to freight, a better and a more finer communication system as between shippers and carriers, and expedited service by reason of the elimination of terminals—I mean of transfers in interchange, and a better and a more efficient use of equipment and terminals, and various other advantages, which you have heard. Assuming this evidence or testimony to be true, would such a consolidation or unification be of benefit to your company, you as a shipper?

A. Decidedly so.

Q. Would it as a result of that be of benefit to the public generally?

A. I should think so.

Q. Mr. Autrey, have you in mind any further statements you care to make?

756 A. I might add this, that at the present time our company is constructing in Atlanta a new warehouse, which will be located off of rail transportation. We would like very much to see this consolidation; due to our past experience, the difficulty we have encountered in tracing shipments, our of the New England territory particularly, coming in through New York, shipments getting lost and delayed, that we never knew where to locate them; and, of course, under our new set-up we will use motor freight transportation considerable more than we have in the past.

Q. You have faith in such a system of transportation and its reliability and dependability?

A. Certainly.

Q. And you believe it can be improved?

A. I certainly do.

Q. And you believe, as a matter of fact, that such a consolidation will tend to improve transportation by motor?

A. I certainly do.

Q. If the consolidation which is proposed of these eight carrier companies, the names with which you are familiar, is approved by the Commission, and as a result of the approval they are finally consolidated, would you consider that a monopoly of the transportation system by motor?

A. I certainly would not.

Q. Why not?

757 A. Out of the New England territory, as an illustration, we are not using to any great extent motor freight transportation due to the fact of the difficulty that we have experienced with the connecting lines, and for that reason we would like very much to see it granted. I do not see where there would be any monopoly at all in view of the fact that there are other methods of transportation that we have to use altogether, but it is delayed.

Q. Other methods of transportation, and, as a matter of fact, there are other motor carrier operations. You have stated some fifty out of Atlanta.

A. That is correct.

Q. And some ten or more out of Savannah.

Mr. COCHRAN. That is all the questions I have to ask.

Cross-examination by Mr. MACDONALD:

Q. Mr. Autrey, you stated that you anticipate certain benefits from the proposed unification if the application is granted, have you not?

A. Yes.

Q. And that other companies would also have the same benefits.

A. Sure.

Q. Well, in that case, do you not think that there will be some tendency on the part of shippers to use the Associated Transport Company rather than other companies, as they will have this expedited service?

758 A. Not altogether.

Q. I do not mean altogether; I mean won't there be a tendency for shippers who, like you, need expedited service?

A. That is in the nature; yes.

Mr. MACDONALD. That is all.

Mr. COCHRAN. That is all, Mr. Examiner.

Exam. BAKER. Witness excused.

(Witness excused.)

Exam. BAKER. We will adjourn until nine thirty in the morning.

(Whereupon at 6:35 p. m., August 21, 1941, the hearing in the above-entitled matter was adjourned.)

Before the Interstate Commerce Commission

Docket No. MC-F-1612

ASSOCIATED TRANSPORT, INC.—CONTROL AND CONSOLIDATION—
ARROW CARRIER CORPORATION, ET AL.

Docket No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES

HEARING ROOM "B,"

I. C. C. BUILDING,

Washington, D. C., Friday, August 22, 1941.

Met, pursuant to adjournment, at 9:30 a. m.

Before VERNON V. BAKER, examiner.

Appearances: (The same as heretofore noted,)

PROCEEDINGS

Exam. BAKER. Come to order, please. You may call your first witness, if you have one.

Mr. JOSELOFF. Mr. Davis.

E. J. DAVIS, being first duly sworn, testified as follows:

Direct examination by Mr. JOSELOFF:

Q. Your name and address, Mr. Davis.

A. E. J. Davis, Bridgeport, Conn.

Q. And what is your occupation?

A. Traffic manager.

Q. Would you just keep up your voice a little bit, Mr. Davis.

How long have you been traffic manager?

A. Twenty-seven years.

Q. With what concern are you connected?

A. With the Raybestos Division of Raybestos-Manhattan, Inc.

Q. Where are they located?

A. Stratford, Conn.

Q. What products are shipped by this concern?

A. Brake linings and clutch facings.

Q. Are you familiar with the general nature and plan of this present application?

A. Yes; I am.

Q. Are you familiar with the territory covered by it?

A. Yes.

762 Q. And generally with the motor carriers in this proposed unification?

A. Yes, sir.

Q. Now, with regard to the territory embraced in this application, please tell us your estimate of the amount of tonnage that was shipped out by your concern during the past year in this particular territory?

A. About 2,000,000 pounds.

Q. And of that 2,000,000 pounds generally how much would be by motor truck and how much by rail?

A. Fifty percent by rail and fifty percent by motor.

Q. In other words, a million pounds per year by motor truck?

A. That is right.

Q. And a million pounds per year by rail?

A. Yes.

Q. Now, as I understand it, the inbound tonnage comes generally by territory without the scope of this application?

A. That is right.

Q. Do you ship a part of this tonnage by carriers in the proposed unification?

A. Yes; I believe about 75 percent.

Q. By carriers in this proposed unification?

A. Yes, sir.

Q. Will you name the carriers in the proposed unification.

A. Consolidated Motor Lines, Horton, and Barnwell.

763 Q. Those are the principal carriers?

A. Yes.

Q. Now, I understand, the shipments from your plant are generally from Stratford, Conn., to Atlanta, serving points in between Stratford and Atlanta, and from Stratford, Conn., to Buffalo, N. Y., serving points between Stratford and Buffalo?

A. That is right.

Q. Do you also ship by carriers not in the proposed unification?

A. Yes; we do.

Q. Will you name a few of them?

A. Connecticut Motor Lines, Davidson Transfer, and up in Connecticut we have National Transportation, Adley, C. Rickard & Sons, and Seaboard Freight Lines. That is about all I think of.

Q. You say you have been traffic manager for the past 27 years?

A. Yes, sir.

Q. You know that there are other carriers in those territories besides those that you have mentioned?

A. Yes; I do.

Q. Mr. Davis, previous witnesses have testified that if this application were to be granted, there would be a saving in time in

the interchange of freight moving from New England to points south, between 12 to 36 hours. If that be so, would
764 that saving in time be beneficial to your concern?

A. Yes.

Q. And what are your reasons for that?

A. Well, at the present time our warehouse stocks are quite low. We are making direct shipments to many of our jobbers and direct to some of the garages. Of course, those are urgent shipments, and it means a lot if we can get them to the customer in the fastest possible time.

Q. Does it mean something to you also insofar as maintaining your business and competing with other concerns is concerned, to have shipments move in the shortest possible time?

A. Yes; it does. We have two competitors that are closer to the southern markets than we are, and a saving of time would mean a great deal.

Q. Now, it has been further presented in evidence in this case, Mr. Davis, that the proposed application, if approved, would result in many other economies and benefits, such as uniformity in billing, centralized responsibility of carriers, financially stronger companies, and lessening the delays in shipment, and a facility to the shippers in tracing lost or strayed cargo, and settling or getting quicker settlements of their claims. It has also been testified that there would be benefits to the shippers in a more effective utilization of their plants when they have small space for loading freight or receiving the trucks, and would provide extra
765 facilities in the event of emergencies or when additional equipment is needed.

Now, assuming those facts to be true for the purposes of this question, and based on your 27 years of experience in the traffic field, what is your opinion, or do you concur in those improvements as being beneficial to the shippers and the public?

A. I do. I think that the shipping public is entitled to this faster transportation, and I think this is a step in the right direction.

Q. Are you a member of any traffic association?

A. Of the New England Traffic League.

Q. Now, one further topic, Mr. Davis: In your opinion, is this movement, or is this proposed unification, one that would lead to or tend towards any restraint in trade or monopoly?

Mr. WIPRUD. Are you asking the witness a legal question?

Exam. BAKER. Will you read that question, Mr. Reporter?
(Question read.)

Mr. JOSELOFF. May I make a statement to the Examiner?

Exam. BAKER. You may.

Mr. JOSELOFF. That is that this is a shipping expert, and he may state from his past experience whether there will be any lessening of competition.

Exam. BAKER. I feel, as worded, the question is objectionable.

I suggest that you phrase it somewhat differently
766 and bring out the factual situation, rather than to ask for what might be construed as a legal conclusion.

Mr. JOSELOFF. I will be very glad to, Mr. Examiner, and I will withdraw that question.

By Mr. JOSELOFF:

Q. Mr. Davis, what, in your opinion, would be the effect of the proposed unification if approved by the Commission, on competition?

A. Well, there are plenty of other carriers that are competing, and that would compete with the members of this group.

Q. Would there be any divergence of freight from those carriers not in the proposed unification to carriers in the proposed unification?

A. Well, it has been our policy to divide our tonnage, and I don't think—as a matter of fact, I know that it would not make any difference to us if this consolidation went through. We are using carriers, and I know that we will continue to do so.

Q. In other words, if I understand your last remark, if this consolidation were to be approved, you would still continue to use other carriers; is that correct?

A. Yes, sir.

Q. When you say it would not make any difference, you mean that there would be no benefits to your company?

A. There would be a great benefit. As I stated before, we are now using members of this group, and it certainly would help us a whole lot to get our materials to market.

767 **Q.** Then, I take it, your remark that it would make no difference to you refers to your use of carriers not in the proposed unification.

A. Yes, sir.

Mr. JOSELOFF. That is all.

Exam BAKER. Cross-examine.

Cross-examination by Mr. MACDONALD:

Q. Mr. Davis, you stated that you do sell some of your products directly to users and garages?

A. Yes; we do.

Q. Do you sell any to trucking companies?

A. Indirectly. The purchases principally are made through jobbers.

Q. You sell none of your products directly to trucking companies?

A. That is right.

Q. Do you know whether you sell any to any of the subsidiary companies of the trucking companies embraced in this unification?

Mr. JOSELOFF. I object. I think it is beyond the scope of the direct examination.

Mr. MACDONALD. That shows the interest of the witness, Mr. Examiner.

Exam. BAKER. I feel you should state the names of the companies you have in mind, Mr. Macdonald. He has not
768 shown any knowledge as to what the subsidiaries are.

Mr. MACDONALD. Very well, Mr. Examiner.

By Mr. MACDONALD:

Q. The companies concerned are Brown Manufacturing Company, United Sales Company—

A. United Sales—we sell them.

Q. A subsidiary of the Moran Lines, Division Tire & Sales Company.

A. No.

Exam. BAKER. Just to clarify the record, I do not believe the evidence indicates that that company is a subsidiary of the Moran Lines, Mr. Macdonald.

Mr. MACDONALD. I beg your pardon?

Exam. BAKER. I do not believe the evidence indicates that that Division Tire & Sales Company is a subsidiary of the Moran Lines.

Mr. MACDONALD. No. My use of the word is perhaps inept. It is merely owned by one of the stockholders of the Moran Company.

By Mr. MACDONALD:

Q. Mr. Davis, you stated that you understood, or at least you would appreciate the time saving which would result through this unification, when and if allowed, for the run extending from your plant in Connecticut to Atlanta, Ga., and that such time saving might be as much as 12 to 13 hours.

Mr. JOSELOFF. May I correct that impression of counsel? It was for the territory between Stratford, Conn., and Atlanta,
769 Atlanta being the southernmost point. The points in between are the points concerned.

By Mr. MACDONALD:

Q. Do you ship now largely in full carloads?

A. No; we are strictly less-than-carload shippers.

Q. And if this unification went through, would you expect shipments of your products could have transit straight through on a long run, say, from Stratford, Conn., to Atlanta, without any stopping and unloading and reloading?

A. All of our shipments are less-than-carload shipments, and I do not know where the shipment would be broken down.

Q. Do you know, then, that there would be actually any time saving in regard to your shipments?

A. Well, I know that we would probably 12 hours in New York City alone.

Q. How?

A. All shipments that are made from Stratford tonight are to reach New York tomorrow morning, and they do not leave New York until that same night, although they are in New York all day long, as I understand it.

Q. Do you expect that that situation will be changed?

A. Well, as I understand it, these loads were to be made at some point in Connecticut, perhaps Bridgeport, Conn., and I don't know just how far they would take them, but probably down as far as, you might say, Charlotte.

770 Q. That is assuming that they cannot fill the rest of the capacity of the trailer or vehicle concerned?

A. That is right.

Q. What percentage of your shipments result in claims for over-shorts or damages?

A. Well, we don't have a great deal of trouble, but we have had cases where shipments have been mixed up and incorrect delivery made to, I think, the various transfer points.

Q. Is that a substantial amount of your business that is involved in such a transaction or transactions?

A. No; I would not say it was.

Q. Does it happen very often?

A. Well, twice here within the past two months.

Q. And what difficulties do you encounter in tracing those shipments?

A. Well, it was about a week before the matter was straightened out. A part of the delivery was sent to one section; it was just changed around.

Q. Then, would you say that the amount of your business which requires tracing is within 5 percent of the total amount of the shipments that you make by truck, or smaller?

A. I would say a greater amount.

Q. Greater than 5 percent?

A. Yes.

Q. How much greater?

771

A. Ten percent.

Exam. BAKER. Raise your voice, please.

The WITNESS. Ten percent.

By Mr. MACDONALD:

Q. Two shipments in two months would constitute 10 percent of your business?

A. No; but we have to trace a shipment quite frequently, but those particular shipments, those two shipments, were mixed up and it caused quite a delay. Of course, the customers are very, very anxious to get the materials today, and if they see that they are a day late in getting them into stock, we start to trace them.

Q. Do you concur in the feeling of the previous traffic witnesses that they would have a saving resulting from lower billing costs if this unification took place?

A. You mean billing costs for the carriers?

Q. No; for the shippers.

A. Yes.

Q. You do?

A. Yes.

Q. You anticipate maintaining your business with the other lines which you are now using; do you not?

A. Yes. As I said, our policy is to divide it.

Q. Then, the saving in your billing costs would only be as regards the transportation companies which you now use, and which are concerned in this unification.

772 A. That is right.

Q. They are the Consolidated, Barnwell, and Horton Lines?

A. Yes, sir.

Q. Does any of these three companies bill it at your plant in Stratford?

A. Consolidated.

Q. They carry to New York, and Horton and Barnwell from there on; is that right?

A. Yes, sir.

Mr. MACDONALD. That is all I have.

Exam. BAKER. Mr. Davis, aside from this question of speeding up your shipments, are there any other benefits that you can think of that would accrue to you as a shipper from the unification of these companies that you have referred to?

The WITNESS. Well, it would help a lot in tracing our claims and settlements, and also in tracing shipments, if we could deal with one carrier.

Exam. BAKER. Do you feel that single-line service from origin to destination is superior to two-line service?

The WITNESS. Yes, sir.

Exam. BAKER. Has that been demonstrated by your experience?
The WITNESS. It has.

Exam. BAKER. Do you have any congestion at your shipping platform at the present time?

773. The WITNESS. No.

Exam. BAKER. Those are all the questions that I have.
Do you have any cross-examination, Mr. O'Brien?

Mr. O'BRIEN. No.

Exam. BAKER. The witness is excused.
(Witness excused.)

Mr. COCHRAN. Mr. Lawson, come to the stand.

J. D. LAWSON resumed the stand and testified further as follows:

Exam. BAKER. Mr. Lawson has been previously sworn.

Direct examination by Mr. COCHRAN:

Q. Mr. Lawson, you have been sworn previously, I believe?

A. Yes, sir.

Q. Have you a paper there in your hands with reference to Horton Motor Lines?

A. I have.

Q. What is it?

A. It is an amendment to the charter of the Horton Motor Lines, Inc.

Q. A certified copy?

A. The paper I have is a certified copy of such amendment, sir.

Q. What is the date of that amendment?

774 A. Just a minute. I do not want to give you the wrong date, because there is a certificate attached here, too.

The certificate of the Secretary of State of North Carolina shows it was filed on January 24, 1941.

Mr. COCHRAN. Mr. Examiner, this amendment to the Horton Motor Lines' charter we would like to file at this time.

Exam. BAKER. Is there any objection to the receipt of this document in evidence?

Mr. O'BRIEN. No. May we have a copy of it, Mr. Examiner?

Exam. BAKER. Do you have additional copies?

The WITNESS. I do not have; no, sir.

Mr. COCHRAN. I will state that the only phase of the charter referred to in this amendment is the increase in the outstanding capital stock. There are no other changes in it whatsoever.

By Mr. COCHRAN:

Q. Is that correct, Mr. Lawson?

A. That is correct.

Exam. BAKER. The document described will be received in evidence as Applicant's Exhibit No. 5.

(Exhibit No. 5, Witness Lawson, received in evidence.)

Mr. WIPRUD. May we have copies?

Exam. BAKER. I understand copies are not available. We do not ordinarily require copies of such documents to be furnished. If you desire a copy I will request applicant to
775 subsequently furnish you a copy.

Mr. WIPRUD. Well, for the record, will they briefly state what the amendments are that affect the capitalization of the company as now shown by the record?

Exam. BAKER. Will you do that, Mr. Lawson?

The WITNESS. The capital stock was increased to 70,000 shares, par value \$20.

Exam. BAKER. A little louder, please.

The WITNESS. Excuse me, sir. I say the amendment is as follows: "The capital stock of the corporation shall consist of seventy thousand (70,000) shares of the par value of Twenty Dollars (\$20) each, divided into ten thousand (10,000) shares of Class A Stock, ten thousand (10,000) shares of Class B Stock, and fifty thousand (50,000) shares of Class C stock." That is the substance of it.

Exam. BAKER. Mr. Lawson, is that the only amendment which has been made to the articles of incorporation of Horton Motor Lines since the hearing last July on the application of the Transport Company?

The WITNESS. That is right; yes, sir.

Exam. BAKER. Do you have any further questions?

Mr. WIPRUD. Off the record, Mr. Examiner.

Exam. BAKER. Off the record.

(Discussion off the record.)

776 Exam. BAKER. Back on the record. It will be understood that applicant shall furnish a copy of Exhibit No. 5 to Mr. Wiprud. Do any other parties desire copies?

Mr. O'BRIEN. Since he is making them up, Mr. Examiner, I would appreciate having any copy.

Exam. BAKER. And for any other intervenors that are present and request the same. I understand Mr. Connolly and Mr. O'Brien want them.

Mr. COCHRAN. We are through with this witness, Mr. Examiner.

Exam. BAKER. The witness is excused.

(Witness excused.)

Mr. JOSELOFF. Mr. Rettino.

S. V. RETTINO, being first duly sworn, testified as follows:

Direct examination by Mr. JOSELOFF:

Q. Give your name and address, Mr. Rettino.

A. S. V. Rettino, Hillside, N. J.

Q. And your occupation?

A. I am traffic manager for Bristol & Myers Company.

Q. Where are they located?

A. In Hillside, N. J.

Q. How long have you been traffic manager for that concern?

A. Twenty-two years.

777 Q. As such, do you handle the shipping problems of that concern?

A. Yes, sir.

Q. What products are manufactured or shipped out?

A. Drugs and toilet preparations.

Q. Generally, in what territory are those products shipped?

A. All over the United States.

Q. You received merchandise as well?

A. We do.

Q. From what sections?

A. Mostly from the eastern seaboard.

Q. Can you give us some idea or an estimate of the amount of your outbound tonnage per year?

A. About 40,000,000 pounds a year.

Q. And of that tonnage, approximately how much moves by motor carrier and how much by other means of transportation?

A. About 60 percent by motor carrier.

Q. That would be about 24,000,000 pounds a year?

A. That is right.

Q. Now, you have been present at a part of this hearing?

A. Yes, sir.

Q. And are you acquainted with the territory embraced in this present application?

A. Generally speaking; yes.

778 Q. Of that outbound tonnage by motor vehicle of 24,000,000 pounds per year, how much would you say was shipped in the territory embraced by the present application?

A. To all motor lines, or to the lines——

Q. To all motor lines.

A. To all motor lines?

Q. Yes.

A. Well, 60 percent.

Q. Well, as I understood your previous answer, your total shipments were 40,000,000 pounds per year.

A. That is right.

Q. And 60 percent went by motor vehicle.

A. That is right.

Q. Do I understand you to say that you have shipments all over the United States, or did you have in mind just shipments in this particular territory?

A. In this particular territory.

Q. Then, the 40,000,000 pounds per year would be shipments in this particular territory?

A. That is right.

Q. I see.

A. Well, I would like to clarify that just a little bit.

Q. If you will, please.

A. Our total shipments out of our plant amounts to about 40,000,000 pounds. That goes all over the United States. Some goes to warehouses, some goes to branches. I am not
779 counting in that tonnage that which is again reshipped from branches and warehouses; so I would say that 60 percent of 40,000,000 pounds represents the truck tonnage.

Q. All over the United States?

A. Shipped out of our plant at Hillside.

Q. To all points in the United States?

A. To all points in the United States.

Q. Can you give us an idea of what tonnage would be shipped by motor carrier to the territory in the instant application; that is, in general, to the eastern seaboard, from Boston, Mass., to, roughly, Atlanta, Ga., to New Orleans, and to Buffalo and Cleveland?

A. Well, again, I would say 60 percent.

Q. Then, it would be 60 percent of the 24,000,000?

A. Yes.

Q. I understand.

A. No; no. That 24,000,000 represents what we ship by truck in the East.

Q. In the East?

A. Yes; because the other goes by rail. That 40 percent goes to the different branches and warehouses.

Q. Oh, I see. Thank you. Of that tonnage, did you ship by carriers in the proposed unification, as well as by other carriers?

A. Yes; we do.

780 Q. Will you name some of the carriers that you use in the proposed unification?

A. Horton Motor Lines, Southeastern Motor Lines, Moran Transportation, and Barnwell.

Q. Now, will you name a few of the nonmembers of the proposed unification that you use in these shipments?

A. Yes; Shein Express, Seaboard Freight Lines, Sunset Motor Lines, Rogers Motor Lines, Red Star Express, Buch's Express, Brooks Transportation, Davidson Transportation, Novick Transfer, Atlantic States Motor Lines, Super Service Motor Lines, W. T. Cowan, and Baltimore Transfer. Is that enough?

Q. Yes; that is enough, Mr. Rettino. There are other carriers that you use besides those carriers?

A. Yes; about 28 in all.

Q. Do you feel that there would be any lessening of competition if this proposed unification were to be approved by the Commission?

A. No, sir; I do not.

Q. Would you continue to use these other carriers not in the proposed unification, if this application be approved by the Commission?

A. Yes; we would.

Q. What benefits do you see to the shippers if the proposed application be approved?

A. As far as service is concerned, we try to confine our shipments to those lines who make direct service to destination, of course, taking into consideration that they must go to break-bulk points; but we can see probably a long-range program, some time in the future, when a combination such as this would probably follow the policy of the rails and make direct package trucks, like we make direct package trucks to points, we will say, where they don't have through truck service now.

To be specific on that, suppose now we were giving small shipments to points outside of terminal cities; say, Horton Motor Lines, for instance. With a combination or a consolidation, those cities where no terminals are now might enjoy direct truck service right out of Newark without stopping at an intermediate point to break bulk, and then out from the break-bulk point. As I say, that may probably happen; at least it is my hope that it may, and in that way I think we would get faster service and a lessening of the handling of our trucks, which is something to be considered.

Q. Now, will you please develop for the record the reasons why you are concerned with less handling of your particular products?

A. Well, the inherent nature of our product is susceptible to damage from handling. The less handling, the less damage.

Q. Is that of considerable importance to you?

A. It certainly is.

Q. Now, also develop whether or not it is important to your concern, in connection with your particular products, on tracing claims and on lost shipments.

A. Well, it is so much easier to do business with one concern than it is with seven or eight.

Q. It has been testified, Mr. Rettino, and you may have heard the testimony, to the effect that if the proposed unification be granted the company could then extend its direct wire system on communications, resulting in speedier handling in the tracing of shipments and more prompt information to the shipper, who may be questioning or trying to find the shipments. Would that be of benefit to your concern?

A. It would, definitely.

Q. It has also been shown here, Mr. Rettino, that it would tend to eliminate congestion at the shipper's platform in instances where the platforms are too small, for some reason or other, to accommodate the trucks.

Exam. BAKER. I think possibly he is in a position to testify as to that himself.

Mr. JOSELOFF. I will withdraw that question, Mr. Examiner.

By Mr. JOSELOFF:

Q. And I will ask you whether there would be any benefit from the standpoint of reducing congestion at your platform?

783 A. No. Unfortunately, our particular set-up would not change. We are proud of the fact that we cut down our pick-up trucks to a minimum. I can see where it would happen.

Q. In your particular concern?

A. In our particular concern; yes.

Q. From your knowledge and experience in the traffic business, do you see where it would be of advantage to other concerns?

A. Oh, yes; because we have been through it, and that is the reason why we have put in a system eliminating the number of pick-up trucks that come into our plant. It was born of that congestion.

Q. So, then, if I understand you correctly, the reduction in the number of pick-up trucks coming to your plant—or not to your plant at this particular time, but the plants of other shippers, in your opinion, would be of benefit?

A. Yes, sir.

Q. From the standpoint of the necessity of obtaining extra quick equipment at times of peak or rush periods, tell us whether or not that problem has presented itself so far as your company is concerned?

A. It is occurring at the present time.

Q. Now, it was testified that if the proposed unification be approved, there would result a greater flexibility in equipment, thereby making available a shift of equipment from one territory to another in peak periods or in emergency periods, would that be of benefit to you?

784

A. Yes, sir.

Q. Are you acquainted with, or have you had any experience in dealing with the East-West Transportation system, such as the Keeshin Motor Lines or Inter State Freight System?

A. No, sir.

Q. Do you, of your own knowledge and experience, know generally the territory that is served by such a system?

A. I do.

Q. Is that based on your experience and attendance at meetings and other matters concerning traffic?

A. General information; yes.

Q. Is there a comparable system, a North-South system, such as proposed here in existence?

A. I do not know of any?

Q. In your opinion, do you think from your experience as a shipper and in conference with shippers, a similar North-South trucking line would be of benefit to shippers in the territory concerned?

A. I think any consolidation that would gather in the shipments that originate in an area, we will say, like New York State, and that can move through New York and Newark, where the terminals are located, without the handling of the merchandise and the unloading of the truck, would be beneficial, where a tractor
785 would pick it up and load it south, without unloading that trailer.

Q. In your opinion, would there be a considerable existing competition remaining if the proposed unification were to be approved?

A. Yes, sir.

Mr. JOSELOFF. That is all.

Exam. BAKER. Is there any cross-examination?

Cross-examination by Mr. O'BRIEN:

Q. Will you tell us, Mr. Rettino, what percentage of the shippers use straight loads?

A. No; I would not attempt to answer that question.

Q. In the case of your particular plant, what percentage of merchandise would be used to form a straight load?

A. A very small percentage, and that only for about a 10-mile haul, in the metropolitan area, to the steamship docks. Otherwise, it is practically all less-truckload.

Mr. O'BRIEN. That is all.

By Mr. MACDONALD:

Q. Mr. Rettino, in your testimony you made the statement that you thought it was easier to do business with one than with seven or eight companies. Does that mean that in the event this applica-

tion is granted, for business covered by the lines of Associated Transport the bulk of your business would go to Associated Transport?

A. No, sir.

786 Q. Even in the face of the fact it would be easier to do business with the one than the other 28, that I think you mentioned?

A. In spite of that, in our particular case there are four lines. That is the system that we now use.

Exam. BAKER. Keep up your voice, Mr. Rettino.

A. In our particular case, we now use four lines. In this Transport set-up, that would be cut down to doing business with one.

Q. How much, approximately, of the 24,000,000 pounds is now carried by these four lines?

A. About 25 percent.

Q. How much duplication of service is there among these four lines and the other lines that you mentioned?

A. Well, maybe I can answer it this way: The shipments that I now give to the Southeastern I give to the Super Service. The shipments that I now give to Moran and Company in the combine or in the proposed combine, I could give to Red Star. The shipments that I now give to Horton and Barnwell I think could be handled by Cowan, Baltimore Transfer, Atlantic States, Novick, Brooks, Davidson—

Q. How much of your business is now placed with the lines which parallel Barnwell and Horton?

A. I have not those figures available.

Q. Could you not state generally?

A. No, sir; I would not undertake it.

787 Q. When is your peak period of traffic movement?

A. Well, it is leveling out now. Every month is a fair month, but I would say the first six months of the year.

Q. In regard to the expedited service to be expected and the benefits which you have concurred in believing will result, is it your opinion that there would be no expedited service in the matter of time, unless loads can be made up which will travel complete to towns in which there are presently no break-bulk points?

A. As far as we are concerned, that is true.

Q. What percentage of your shipments result in over shorts or damages?

A. Very small.

Q. As a result of this merger, if it is accomplished, your billing will be reduced only insofar as those four lines are concerned; is not that true?

A. That is right, and, if I might add, our policy of checking insurance features will be materially reduced by three lines, we will say.

Q. Is it your opinion that a line such as the one now planned would continue in its present size, or tend to grow?

A. Well, if it is anything good—

Mr. JOSELOFF. Just a minute, before answering that question. I do not think this witness is qualified to answer that.

788 He is not a truck operator. He is a shipper.

Mr. MACDONALD. May I state that the witness has been well qualified by Mr. Joseloff as a traffic expert. I think a shipper who is a traffic expert is qualified to answer a question such as I have put.

Exam. BAKER. The answer, no doubt, would be very conjectural, but the witness may answer if he has any opinion on it.

A. Well, as I said, just from the shipper's standpoint, if it is good it should grow. I don't know whether it will grow or not.

By Mr. MACDONALD:

Q. One other question, Mr. Rettino: You said that you do not use any of the east-west carriers in shipping your products, but anything that goes a material distance west of the Alleghanies would be by rail?

A. That is generally true.

Q. Can you state any particular reason that has led to this policy?

A. Oh, yes. We feel the time is not yet ripe for real long-distance truck hauling, that the rails can handle that better.

Mr. MACDONALD. That is all.

Redirect examination by Mr. JOSELOFF:

789 Q. Is there anything in that territory west of the Alleghanies, so far as terrain, ruggedness, and topography are concerned, that makes it different from the territory embraced in this application along the eastern seaboard?

A. That would prevent us from it?

Q. Yes; that would prevent you from it.

A. No; that is gradually being overcome. We are coming to it gradually, further and further. We used to consider about 200 or 250 miles as a practical truck haul. That distance is gradually widening slowly and surely.

Q. Are you considering at the present time using the east-and-west trucking systems?

A. We are, because of other things that are beginning to crop up. There is the lessening of the intercoastal service, and, in fact, we

are trying to establish now, with the idea in mind of having several motor carriers to institute a cross-country through haul.

Q. By motor truck?

A. With a through rate.

Q. By motor truck?

A. By motor truck.

Mr. JOSELOFF. That is all.

Exam. BAKER. Are there any further questions of this witness?

Witness is excused.

(Witness excused.)

790 Mr. COCHRAN. Mr. Kirtley.

E. G. KIRTLEY, being first duly sworn, testified as follows:

Direct examination by Mr. COCHRAN:

Q. Give your name and place of residence.

A. E. G. Kirtley, Spartanburg, S. C.

Q. What business are you connected with?

A. Montgomery & Crawford, Inc., wholesale hardware, mill supplies, electrical goods, plumbing, household, and farm supplies—general jobbing business.

Q. Where is the principal place of business of that company?

A. Spartanburg, S. C.

Q. Has it plants located in any other places than Spartanburg?

A. No, sir.

Q. Its business consists of transactions in and out of this place of business at Spartanburg?

A. Yes, sir.

Q. What is your position with that company?

A. Traffic manager and officer manager.

Q. How long have you been in that position?

A. Twenty-four years.

Q. Do you have charge of the shipping in and out?

A. I supervise the shipping in and out.

Q. Can you state approximately the number of pounds or tons of shipping that comes into and goes out of your place of
791 business?

A. Approximately 20,000,000 pounds, in and out.

Q. Per year?

A. Per year.

Q. How is that divided proportionately, if you know, between inbound and outbound?

A. Approximately 60 percent rail and 40 percent motor carrier.

Exam. BAKER. Let Mr. Cochran complete his questions before you start to answer them.

The WITNESS. Will you repeat that question?

By Mr. COCHRAN:

Q. Your answer to the question was 60 percent rail and 60 percent motor?

A. Sixty percent rail and forty percent motor.

Q. Sixty percent rail and forty percent motor?

A. Sixty and forty together, a hundred percent.

Q. But that was not the question I asked you. I asked you what percentage of your shipments were inbound and what percentage outbound?

A. Oh, pardon me. It is about—we bring in 10,000,000 pounds and ship out 10,000,000 pounds—about fifty-fifty.

Q. Now, you have already stated what the ratio is as between rail and motor shipments, as sixty-forty.

A. Sixty-forty.

792 Q. Are you acquainted, generally speaking, with the purpose of this hearing and the application for consolidation of several motor carriers?

A. I am.

Q. Are you acquainted with the names of the carriers involved in this transaction?

A. I am.

Q. Which ones of those carriers operate in the territory which you serve, or the territory into which you are shipping goods?

A. You are speaking of goods coming in?

Q. In or out.

A. First, as to the inbound—

Q. First as to the inbound, if you will, and then as to the outgoing.

A. We are speaking of coming in—Horton Motor Lines directly into Spartanburg and Barnwell Brothers coming in in connection with the Transportation Company or New South Express Lines, depending upon how it is routed.

Q. The Southeastern does not operate in that territory?

A. No, sir.

Q. Do you use the Arrow Carrier or Consolidated Motor Lines, Moran, or any of the other carriers in your shipments?

A. Out of New England territory, we use Consolidated Motor Lines. Up to New York we also use the Adley Motor Lines, which is not in the proposed consolidation. When we use Consolidated we route it in connection with the Horton Motor

793 lines.

Q. What area do your shipments cover, generally speaking?

A. Generally speaking, the majority of our l. c. l. business moves from New England States and up in New York State, Pennsylvania, New Jersey—some portion from Ohio, Chicago—you might say east of the Mississippi River, north and south.

Q. What percentage of your shipments out of Spartanburg go by Horton Motor Lines or Transportation Company?

A. A very small percentage of our business out of Spartanburg goes by Horton Motor Lines or Transportation.

Q. What carriers do you use principally?

A. We use principally the New South Express Lines out of Spartanburg due to the fact that we operate in rather a restricted territory; I should say a radius of 50 miles—50 or 75 miles.

Q. Do you mean your outgoing shipments?

A. Yes; outgoing shipments.

Q. They are short-haul shipments.

A. Yes; in some instances we use our own trucks on intrastate movements.

Q. You have private trucks?

A. Yes, sir; we have private trucks.

Q. Do you operate them to make deliveries?

A. Yes, sir.

Q. In any event, is it a fact that there are ample transportation facilities by motor in Spartanburg, other than the facilities that Horton Lines or Transportation or Barnwell Brothers might afford?

A. Ample; yes, sir.

Q. Can you give me some idea of the number of carriers whose service is available at that point?

A. Well, there is Lewis & Holmes, Miller Motor Express, Transportation, New South Express, Horton Motor Lines, and the Lord knows how many more, because I don't want any more to call on me; I don't have time to fool with them.

Q. There are others?

A. Yes. In addition to that, we have four rail-lines arriving at—

Q. Mr. Kirtley, there has been evidence introduced in this hearing to the effect that the proposed consolidation, if carried out, would result in a more efficient and dependable operation and a reduction in loss in damage to freight, a better communication system as between shippers and carriers, and expedited service on account of the elimination of transfers, a better and more efficient use of equipment and terminals, and other items, some of which you have heard. Assuming this testimony to be true, would such a consolidation, or unification be of benefit to you as a shipper?

A. Yes, sir.

Q. Would it be of benefit to the public generally, in your
795 opinion?

A. In my opinion, it would be beneficial to the public that we serve.

Q. Have you any statement that you care to make in order to explain your answer to the last question?

A. Well, I don't think it will be necessary for me to make any more statements than have already been made. They do pretty well cover that situation. Any improvement in anything would benefit the public, and I heartily subscribe to improvements.

Q. Did you hear the evidence given by the other shipper witnesses on the stand yesterday?

A. Yes, sir.

Q. Do you concur generally in the evidence that they gave with reference to benefits to shippers and to the shipping public?

A. I do.

Mr. COCHRAN. Those are all the questions I care to ask this witness.

Exam. BAKER. Cross-examine.

Cross-examination by Mr. MACDONALD:

Q. Mr. Kirtley, a hypothetical question was put to you, in which you were asked to assume certain benefits which might accrue to shippers from this proposed unification. What do you say in regard to the actual existence of the possibility of those benefits to you as a shipper, and I might ask you to take, first, that of saving in time.

796 Exam. BAKER. Mr. Macdonald, that is the point that—
The WITNESS. I can't answer—

Exam. BAKER. Just a moment, Mr. Kirtley.

The WITNESS. Pardon me.

Exam. BAKER. Mr. Macdonald, that is the point that I think we discussed yesterday, that we would not ask these shipper witnesses to testify as to the operating end of this transaction. Obviously, as a shipper, Mr. Kirtley is not in a position to testify as to whether or not these carriers will be able to save 24 or 36 hours.

Mr. MACDONALD. In regard to the make-up of his loads from New England, would he not be able to testify as to whether that could be so handled as to make-up through shipments or not?

Exam. BAKER. You may inquire as to the make-up of his loads, but as to the actual handling of the shipments, this witness has not been qualified to answer.

Mr. MACDONALD. Very well.

By Mr. MACDONALD:

Q. Your outgoing business, I believe you stated, was pretty much limited to the immediate locality of your plant?

A. Practically 75-mile radius.

Q. So you are primarily concerned with motor carriers in regard to the incoming traffic.

A. That is correct.

Q. And that incoming traffic would amount to how many pounds per year?

A. The incoming and outgoing would approximately 20,000,000 pounds.

Q. How much of that will be—

Exam. BAKER. Raise your voice, Mr. Kirtley.

Mr. COCHRAN. Yes; speak a little louder.

A. The incoming is 10,000,000 pounds, approximately.

By Mr. MACDONALD:

Q. And of that quantity, how much moves by motor carrier?

A. Sixty-fourty are the percentages I gave.

Q. Is that incoming?

A. That is incoming and outgoing.

Q. So that 4,000,000 pounds moves in by motor carrier?

A. Forty percent of the whole moves in by motor carrier.

Q. How much of that would you say originates in the New York-New England area?

A. I have not the figures to tell you exactly.

Q. Could you estimate it?

A. I would rather not.

Q. Then, you are not particularly in a position to state the amount of actual time saving which might accrue to you on shipments from that area?

A. That is an operating question, isn't it?

Q. It might be so considered. You said that Barnwell, with Transportation, was hauling some of your business. Do they have an exchange system in your locality?

A. I don't know where that exchange is—possibly in Charlotte. I don't know their operating set-up.

Q. Do you anticipate that there will be any change as to the transportation set-up of incoming business by motor carrier of your company after this unification is effected?

A. You mean the percentage of business given to other motor carriers?

Q. Yes.

A. I don't believe there will be any change.

Q. The benefits which you will derive will be limited to the savings in regard to your operations with the carriers you use in the unification?

A. We in our business at the present time are affected very seriously by this present situation, due to priorities and so business. Our business is based on metals—iron and steel. We don't know what is going to happen. We have to get priorities from our customers. If we cannot get priorities from the customers we cannot get steel from the factories, and if it keeps on like it looks like it is going to now, I don't know that we will have anything to haul.

Q. How would you say that that affects your trucking picture?

A. Well, if we don't have anything to haul, neither the trucks nor the railroads would get anything.

799 Q. You are not predicating your position in regard to this on the basis of your limited emergency; are you?

A. No, sir; I am hoping that it won't occur.

MR. MACDONALD. That is all I have.

EXAM. BAKER. You are excused.

(Witness excused.)

MR. COCHRAN. Mr. Delk.

C. R. DELK, being first duly sworn, testified as follows:

Direct examination by Mr. COCHRAN:

Q. State your name and place of residence.

A. C. R. Delk, Charlotte, N. C.

Q. What is your business?

A. Variety store business—Eagle Stores Company.

Q. What position do you hold with that company?

A. Vice president and treasurer.

Q. And where does that company operate?

A. I beg your pardon, sir?

Q. Where does that company carry on its operations?

A. Charlotte is the headquarters—North Carolina, South Carolina, and Virginia.

Q. Is that a chain store operation?

A. Yes, sir.

Q. Selling what products?

A. Five and ten merchandise—a variety store, as it is commonly—

800 Q. How long have you been connected with that business?

A. I have been connected with that business about 20 years—with that company only six.

Q. What amount, in pounds or tons, of shipping is done by your company annually?

A. Inbound, approximately 5,000,000 pounds.

Q. Outbound, it would amount to what, in pounds or tons, if you know?

A. Well, that would be just about the portion we have coming into our warehouse, which would be approximately 2,000,000 pounds.

Q. Your inbound shipments come from what section of the country, principally?

A. New York, New England, and Pennsylvania, principally.

Q. Your outbound shipments are just a question of delivery from the warehouse to the store?

A. That is right.

Q. What proportion of your inbound shipments come by rail and what proportion or percentage by motor truck?

A. Approximately 20 percent rail and 80 percent truck.

Q. Most of those shipments are in package form—small volume?

A. Yes, sir.

Q. Do you receive those packages on a truckload basis or in small quantities?

A. Generally small quantities, I c. l.

801 Q. Are you familiar in general with the proposed consolidation in this case, the application of which is being heard here?

A. Yes, sir.

Q. Are you acquainted with the names of the carriers that are grouping themselves together in this consolidation?

A. Yes, sir.

Q. Do you use practically all of those carriers, or all of them, in your shipments?

A. We use McCarthy and Consolidated and Moran, when the shipments emanate from their territories, and they are usually transferred to one of the southern operators, where they meet. We use, I believe, all but probably Arrow and Southeastern.

Q. Mr. Delk, state where your stores are actually located; at what points in South Carolina and North Carolina.

A. Kings Mountain, Morganton, Lincolnton, Belmont, Newton, Sylva, Canton, Waynesville, Forest City, Shelby, Heartsville—all of those are in North Carolina—Heartsville, S. C.; Charlotte, N. C.; Ashboro, N. C.; Gastonia, N. C.; Martinsville, Va.; Lenoir, N. C.; Waynesboro, N. C.; Fort Mill, S. C.; Dublin, Va.; Wimsboro, S. C.; Williamtown, N. C.; Great Falls, S. C.; Burlington, S. C.; Clinton, N. C. I believe that is all. I might have missed one or two.

Q. Do you know how many motor carriers you are using in the handling of your inbound shipments?

A. No, sir; I do not, exactly.

802 Q. Would it be several?

A. Yes; there would be close to ten.

Q. If this consolidation is approved, will there remain any considerable number of independent carriers whose services would be available to you?

A. Yes, sir.

Q. Is that true throughout the area where your shipments go?

A. Yes.

Q. Then, if you did not care to ship by Associated Transport, in the event that the unification is permitted, there would remain available to you ample facilities to carry all of your shipments?

A. Yes, sir.

Q. Mr. Delk, it has been testified in this case, or there has been testimony to the effect, that consolidation, if permitted, will result in more efficient and dependable operation; a reduction in loss and damage to freight, a better communication system as between shippers and carriers, an expedited service on account of the elimination of transfers, a better and more efficient use of equipment and terminals, and many other things, some of which you have heard. You heard some of the testimony, did you not?

A. Yes, sir.

Q. Assuming that this testimony is true, would such a consolidation be of benefit to you as a shipper?

803 A. Yes, sir.

Q. Would it be, in your opinion, in fact, a benefit to the public generally?

A. Yes; I believe it would.

Q. Have you any statements you want to make in explanation of your answers to those questions?

A. Well, I feel that if you put the cream of seven different companies together, you would greatly enhance the administrative efficiency of the company and also cut down expense considerably, which would make for a possible reduction in rates. At any rate, I think the efficiency would be greatly enhanced, and a great deal of time would probably be saved, particularly in long hauls from New England upstate New York.

Exam. BAKER. Mr. Delk, suppose you confine your testimony to matters that, as a shipper, you have personal knowledge of.

By Mr. COCHRAN:

Q. In what way would it directly benefit your organization? If you have anything particular in mind in answer to that question I would like to have it.

A. Well, it would simplify your claims a great deal, and you could handle your claims with one company, and there would be a great deal less claims due to the fact that there would be less

breakage, owing to the fact that there would probably be less transfers.

Q. Would the handling of your billing be benefited in any way by the consolidation of these companies, in your affairs?

804 A. Do you mean in outgoing freight?

Q. In or out.

A. Well, I am not qualified to answer that.

Mr. COCHRAN. All right. I have no further questions, then.

Cross-examination by Mr. MACDONALD:

Q. Mr. Delk, is it your expectation that there will be a lowering of rates as a result of this unification, eventually but not presently?

A. No, sir.

Q. Did you not state that there was a possibility of such a result?

A. Well, there is a possibility of it. I said such a thing might grow from it.

Q. But you do not expect it?

A. Not necessarily.

Q. In your shipments from New York and the New England area, do you specify the routing?

A. Yes, sir.

Q. Can you offhand name the carriers which are or which will be available to you outside of this system, in any one or more selected towns in which you have stores?

A. I would have to look those up—Akers Motor Lines—

Q. From your own knowledge, could you give us that information?

A. Well, a few of them; yes.

805 Exam. BAKER. Raise your voice.

A. I say I can give you a few of them—Akers, Harris Brothers, Miller Motor Express—

Mr. COCHRAN. If you have a list there, you may use it to refresh your memory.

A. Roadway Express, Great Southern Trucking, New South Express, Smith Transfer—

By Mr. MACDONALD:

Q. Taking those carriers, can you state what towns they serve in which you have stores?

A. Some of those carriers will hit all of our towns, I believe.

Q. Do you know of any one single trucking system in your territory which will be able to give you the same facilities as will the Associated Transport, Inc., when and if the application is granted?

A. The same facilities?

Q. Yes.

A. Do you mean in shipping from up North?

Q. All of your requirements considered.

A. Yes; I know several that should be able to do it.

Q. Can you name, say?

A. Well, I would say Roadway Express or Akers.

Q. Then, the benefits which you expect from this new system you already can get from those two systems.

A. No; I didn't say that. I don't know just what all the benefits would be, but they are at least competing now.

806 Q. I believe you stated that you can get all the services your requirements demanded from those two lines on a comparable basis as you could get from the unified line; did you not?

A. Well, so far as the type of service is concerned, we could get the best there is at the present time.

Q. Is it your opinion that this new unified line will have the same effect on independent chain stores as it will have on independent retailers?

Exam. BAKER. You need not answer that.

Mr. COCHRAN. Objection.

Mr. MACDONALD. That is all I have.

Exam. BAKER. Are there any further questions? Witness excused.

(Witness excused.)

Exam. BAKER. We will take a recess for 15 minutes.

(There was a short recess taken.)

Exam. BAKER. Come to order, please. You may call your next witness.

Mr. JOSELOFF. Mr. Glymp, will you take the stand, please.

C. A. GLYMP, being first duly sworn, testified as follows.

Direct examination by Mr. JOSELOFF:

Q. Your name and address, Mr. Glymp?

A. C. A. Glymp, purchasing agent and traffic manager of the General Shoe Corporation, Nashville, Tenn.

807 Q. If you will talk a little slower and a little louder.

Mr. Glymp, I think then all of us here will be able better to understand you and hear you.

A. Yes.

Q. Are you testifying in this case with the approval, knowledge, and consent of the officials of your company?

A. I am.

Q. Will you please state the location of the business of your company with reference to its main and subsidiary plants, if any.

A. We manufacture shoes. Our main plant is located at Nashville, Tenn. We operate 12 factories. Do you want a list of the factories, where they are located?

Q. No; just generally in what sections.

A. Well, we have them in Tennessee, Georgia, and Kentucky.

Q. To what territory do you ship?

A. Our shipping is not confined to any section in the United States. We have general coverage of all of the States, including shipments to Cuba, Puerto Rico, the Philippines, and South America.

Q. And from what territories do you receive?

A. We have three major points that we receive from. That is the Boston territory, Chicago territory, and the St. Louis territory.

Q. Now, how much do you ship by motor truck within the territory embraced within the present application?

A. We ship approximately 300,000 pounds a month.

Q. You are, of course, familiar with the territory that is embraced in the present application?

A. Yes; I am.

Q. Having been here at the hearings and having talked with the motor carriers involved?

A. I am.

Q. And that would be 3,600,000 pounds a year; is that correct?

A. Yes; that is right.

Q. Three hundred thousand pounds a month.

A. Yes.

Q. How much do you receive by motor truck per year within this particular territory?

A. It will average between 2,000,000 and 2,400,000 pounds a year.

Q. Do you have some figures available, or have you an estimate of how much of this tonnage is handled by carriers in the proposed unification, and how much by carriers in it?

A. On the inbound tonnage it will run between 900,000 to 1,200,000 pounds yearly, to the carriers in this proposed unification.

Exam. BAKER. Which carriers are they?

The WITNESS. Well, we only have one direct line coming into Nashville that is in the proposed unification. That is the Southeastern Motor Lines.

By Mr. JOSELOFF:

Q. But in addition to the Southeastern Motor Lines coming into your main plant, you know that there are other carriers in

the proposed unification from which the Southeastern would pick up the shipments.

A. Well, that is true—Consolidated.

Q. I think that is what the Examiner wanted. What other carriers would you receive from besides Southeastern and Consolidated?

A. They would be, practically on the inbound movement, the only ones that we would get, because our major portion comes from Boston, and we try to—that is, in this proposed unification you are speaking of?

Q. Yes. In other words, from your testimony, of the inbound tonnage approximately half would move by carriers in the proposed unification and half by other carriers.

A. It would average out just about that way.

Q. Can you name some of the other carriers?

A. Yes. We use Enimott Valley Transportation Company, Super Service, Mason & Dixon Lines, Hoover Truck Line, and the Goodman Freight Lines, and, of course, the New England and Trunk Line railroads.

Q. Now, on your outbound tonnage, would you say that percentwise it would be about the same ratio insofar as tonnage moving by motor carriers in the proposed unification and
810 by carriers out of it is concerned?

A. It would possibly run a little bit lower, due to the fact that we have more lines going out of Nashville that are not in the unification than we have that are in the unification.

Q. In other words, the carriers in the unification are not carrying as much as the others?

A. On the outbound.

Q. About what percentage would you estimate that to be?

A. As an estimate, I would say possibly between 30 and 40 percent. Those figures are hard for me to give, due to the fact that there are no carriers; that is, originating carriers turning the material over to connecting lines, that possibly are not in the unification, but I do not have the record of it.

Q. It is sufficient for this record, if you will just give your recollection. I think that is all we will require here, Mr. Glymp. I believe you stated that you are familiar with the general nature and plan of the proposed unification; did you not?

A. Yes, sir; I am.

Q. In your opinion, would the granting of the proposed application by the Commission be of benefit to your concern?

A. Yes; in our judgment there are several distinct advantages that we can gain by this proposed unification.

Q. Would you name them, please?

811 A. Well, I mentioned that Boston is one of our major sources, and from this territory we move approximately 250,000 pounds a week. The tonnage is made up of solid cars, rail cars, and we have shipments consolidated at Boston, and move solid rail cars. On the truck movement we use for most of our rush shipments that we are behind on. Those are all routed truck, and under this proposed unification, it is our understanding that by eliminating transfers and moving on direct haul, we can save from 12 to 24 hours in delivering time.

Q. That is to say, assuming that the testimony of the operators be correct, that there be an elimination of time.

A. That is my understanding.

Q. It would be of benefit?

A. Yes.

Q. I wanted to get that clear for the record.

A. Yes.

Q. You may continue, Mr. Glymp.

A. This one feature alone is, under present conditions, invaluable to us.

Q. Why do you say "under present conditions"?

A. Well, under any condition, but at the present time it is much worse than it has been, because of our sources of supply, by giving us part shipments, they come through in small quantities where, before, we were able to get larger shipments coming out, and we are behind in our production. In the matter
812 of shoe production, it is almost like the assembly line in automobile production. Each item has to follow in its right place, in order to keep your manufactured products going on through without tying up your factory. One part will hold up the entire assembly in the manufacture of shoes, and that is really an important item. We spend quite a bit of money on long-distance calls, day in and day out, getting the material moving.

Q. Would you say that there is any other reason at the present time, for getting in your merchandise at the earliest possible time?

A. One important item at the present time is delivery time on Government defense contracts, on the shoes that we are making for the Government. It seems that all of the orders that are out on shoes are taking up a big portion of available material.

and all shipments are routed the fastest way possible in order to keep defense contracts being delivered on schedule. We are using the fastest means at the present time of getting them. In my estimation, this would be a distinct benefit to us.

Q. Do you have substantial orders on defense contracts?

A. At the present time we are making 105,000 pair.

Q. What was that, sir?

A. 105,000 pair.

Q. Percentage-wise, is that a substantial portion of your production?

813 A. No. At one of our factories, I would say at the present time it is about 40 percent of the production, of one factory.

Q. And it is of considerable moment to your concern—

A. Yes, sir.

Q. To have definite delivery dates within which you must manufacture these shoes and deliver them to the Government camps, cantonments, or purchasing offices?

A. That is right. There are definite delivery dates specified.

Q. Now, will you continue with the other advantages which come to your mind, and which you see would inure to the benefit of your concern if the proposed application be granted?

A. Well, another important advantage to us is the elimination of misrouting material. That will be definitely eliminated, in our estimation, by loading the truck from Boston to destination over one carrier line, and it will expedite tracing shipments. The elimination of transfers would also mean less shortages, damages, and claims. This unification should also work a distinct advantage during peak periods by making available more equipment where the tonnage is heaviest and eliminate idle or half loaded rolling stock in normal times when the tonnage is light. We have had some trouble with that angle on equipment.

Q. Would there be any advantage to your concern from the standpoint of more efficient utilization of your own shipping facilities, such as the eliminating of congestion in your
814 yards?

A. Well, of course, we have grown pretty much in the past several years. In fact, our business has grown faster than we have been able to expand our facilities. At the present time we have eight doors for shipping, and we ship an average of 3,800 cases of shoes, of approximately 115,000 pounds, a day, and that causes quite a bit of congestion, since we have so many lines coming into our factory for shipping shoes out. Is that what you are driving at?

Q. Yes; I wanted to bring out the situation at your plant, so far as the facilities for handling these various motor trucks coming into it are concerned.

A. Really, our biggest trouble is on the receiving end, on material in. We have only six receiving doors, and each door is allotted to a certain particular type of merchandise which goes into shoes, and that situation is always congested. We have a bad set-up on receiving.

Q. Can you give for the record an instance of delay or the difficulty in the tracing of a shipment, which, in your opinion, or the type of which, in your opinion, could be reduced, if not entirely eliminated, by the proposed unification?

Mr. MACDONALD. May I suggest that these are operating questions involving carriers.

Exam. BAKER. I think the shipper would have knowledge of the tracing of the shipments.

The WITNESS. I certainly have. I trace them, day in and day out.

Exam. BAKER. He may answer.

A. Long-distance calls to all connecting lines where we cannot get sufficient information, but I would have to go further with it.

Exam. BAKER. You may answer the question.

By Mr. JOSELOFF:

Q. Will you state for the record and give an illustration that comes to your mind covering this situation?

A. Yes; I can give one that came up just recently. Recently we had a rush shipment, and we spent several long-distance calls to Boston to get the original carrier to turn this shipment—to turn it over to the Southeastern Motor Lines at New York. The originating carrier in this instance turned the shipment over the Spector Motor Lines. I understand the Spector carried this shipment to Chicago. From Chicago it was carried to St. Louis. From St. Louis it was taken to Memphis, and from Memphis it was brought back to Nashville. The total elapsed time in receiving the shipment was 14 days. That one shipment cost us \$28 in long-distance calls to locate it. I talked it with Spector twice on it, and I talked with all of the other connecting lines in New

York, trying to locate it. I had to order a duplicate of this shipment. It came in about six or seven days before the original shipment came in, and at the end of completing the order, which we had to have to get the shoes out, we were left with the first order of material, and we had the second order before the first order came in. We completed the shoes,

and we were left with the first order of material, in the amount of \$550 of inventory that we did not need. That sticks out in my mind, because it was about as bad a one as we have had lately, but I have had quite a few instances in that way all the way through.

Q. You have had quite a few instances of that?

A. Yes.

Q. In your opinion, would the proposed transaction, if approved by the Interstate Commerce Commission, restrict the competition with other carriers not in the proposed unification?

A. Well, we thought that over, and could see no reason that it would, due to the large number of carriers that are not in this unification that we are doing business with. We feel that there are ample carriers to take care of our needs without having this tend to restrict competition in any way.

Q. Are you actively requesting the approval of this proposed transaction by the Interstate Commerce Commission, Mr. Glymp?

A. Yes; we are, since we believe that we are entitled to any benefits or any improvement in service that can be obtained by more efficient operations, and we think this unification will result in giving us those advantages.

Mr. JOSELOFF. Thank you very much, sir.

Exam. BAKER. Cross-examine.

Mr. MACDONALD. I have just a few questions.

Cross-examination by Mr. MACDONALD:

Q. In your shipments out of Boston to your plant, how much of the tonnage is by motor and how much by rail?

A. Out of Boston, I would say about 35 percent of our shipments would be truck, approximately possibly 3,000,000 pounds, or something like that.

Q. Is there any motor carrier service available now for a through shipment from Nashville to the Boston area?

A. No; there is not.

Q. In the event that this unification is completed, would you say then that a substantial portion of this traffic will be carried by the unified lines?

A. No; I would not say that, because we try to equalize all of our shipments by the various carriers, the best we can, where the service, dependability, and proper attitude and interest are shown by the carrier regarding the business.

Q. Then, as regards the benefits you will receive from such unification, that will be limited to the elimination of a change in New York; is that true?

818 A. That is the big point, and where we figure on using that mostly would be on our real rush shipments.

Q. That would necessarily imply, then, that your shipments from the Boston area would have to be in full truck or trailer loads.

A. No; I wouldn't say that.

Q. You mean that a partly filled vehicle would be operated over that route, or that it would be filled up along the route?

Mr. JOSELOFF. This witness cannot testify if the vehicle is to be operated filled or partly filled.

Mr. MACDONALD. Mr. Examiner, this witness has testified that he does give the routing, and that some of his loads are part carload and some are full carload. He has shown an understanding of that problem, and I am merely inquiring to find out whether a through shipment will be possible from the Boston area, so far as this company is concerned.

Exam. BAKER. I think that is an operating problem, Mr. MacDonald, which this witness has not shown himself to be qualified to answer.

By Mr. MACDONALD:

Q. What percentage of your business, Mr. Glymp, would you say was within a radius of 300 miles of Nashville; that is, the shipping distance?

A. I am not prepared to answer that question.

Q. Would you say that you are substantially a long-haul freight operator?

Mr. JOSELOFF. He is not a freight operator.

Mr. MACDONALD. Freight shipper. I beg your pardon.

A. On inbound merchandise, we are. Of course, on outbound, we cover the whole United States, divided among the different States in the Union. On inbound merchandise, the St. Louis territory would be approximately 300 miles, and I guess that might run around 20 percent of the inbound tonnage.

By Mr. MACDONALD:

Q. Do you care to state how much, if you can, of the business from Nashville to the Boston area runs, as a percentage of the total, will be handled by the unified line?

Mr. JOSELOFF. How could he state how much would be handled in the future, Mr. Examiner?

Mr. MACDONALD. On the basis of his present performance, which he says will not change.

Exam. BAKER. He can give his estimate. The witness may answer.

The Witness. Repeat that. I didn't get it.

Mr. MACDONALD. I will.

By Mr. MACDONALD:

Q. What percentage of the total business moving from Nashville to the Boston area would be handled, would you estimate, by the unified line?

A. Moving from Nashville to the Boston area?

Q. Or from the Boston area to Nashville.

820 A. Well, I would say that it would practically stay the same as it is, due to the fact that we cannot tie ourselves up with just one line of carriers in our business. There are too many things that can happen that we have to use—

Q. Then, there will not be any particular change in the conditions at your loading platform?

A. Not that I know of, particularly. It might come in on the—

Q. And there will not be any particular change in your billing except that the Southeastern Line and the Consolidated Line will be one instead of two carriers.

Mr. JOSELOFF. I do not recall this witness testifying about any change or particular benefit on billing. He said it would be a benefit in tracing claims and shipments and service.

Exam. BAKER. He may answer.

A. I don't—

By Mr. MACDONALD:

Q. Have you heard the testimony of previous shipper witnesses as to the saving on billings that they would get?

A. No; I have not.

Q. Assuming, as the applicants have assumed, that there will be such saving, due to the fact that insurance claims or policies to be written and billings from and to the various carriers will be cut down in direct relation to the number of carriers concerned in this unification, would you say that you will have any particular saving in billing expense as a result of this unification?

821 A. I can't answer that. I really am not familiar with whether we would or not.

Q. That is a satisfactory answer. So far as your operations with the unified line, as proposed, are concerned, would you give it as your opinion that the benefits which you will receive are limited to the elimination of interchange at New York City?

A. I would say that was our biggest advantage.

Mr. MACDONALD. That is all.

Redirect examination by Mr. JOSELOFF:

Q. You do not mean to imply by that answer, do you, that that is your only advantage?

A. No; it is our biggest. I say, the biggest. We have other advantages, as I listed it here.

Mr. JOSELOFF. That is all. Thank you.

Exam. BAKER. Is there any further cross-examination?

Mr. MACDONALD. No.

Exam. BAKER. The witness is excused.

(Witness excused.)

Mr. COCHRAN. Mr. Barnwell.

R. W. BARNWELL, being first duly sworn, testified as follows:

DIRECT EXAMINATION

822 Q. State your name and place of residence.

A. R. W. Barnwell, Burlington, N. C.

Q. What business are you engaged in?

A. Motor trucking.

Q. How long have you been engaged in that business?

A. Approximately 11 years.

Q. What is the name of the company you operate?

A. Barnwell Brothers, Inc.

Q. What position do you hold with reference to that company?

A. President.

Q. As president of the company, what are your duties? Do you have general supervision over the entire line and its operations?

A. Yes; as far as policies go.

Q. When was Barnwell Brothers, Inc., incorporated, Mr. Barnwell?

A. In the fall of 1930. I don't recall the exact date.

Q. What year?

A. 1930.

Q. Had you been in the trucking business prior to that time?

A. Only a few months.

Q. Well, describe, generally and briefly, the growth of your company.

A. Well, we began in 1930 with one piece of equipment, and the growth has been gradual and constant from that time to the present.

823 Q. How many pieces of equipment do you have in operation at this time?

A. Are you only interested in the total?

Q. Just the total.

A. 337 pieces.

Q. Over what territory are your operations carried out?

A. From North Carolina to New York State and vicinity, and as far west as Asheville, N. C., and as far west from New York as Cumberland, Md.

Q. Do you operate west of Philadelphia into Pennsylvania, in that area there?

A. We have an operation, I think, from Baltimore to Scranton.

Q. Are your operations known as a common carrier?

A. Yes, sir.

Q. Intrastate or interstate?

A. Interstate.

Q. Have you any intrastate business?

A. No. We have a few intrastate rights in the State of Virginia. I do not think they are presently being operated.

Q. You filed an application on behalf of your company with the Interstate Commerce Commission, under the grandfather clause of the Act of 1935; did you not?

A. We did.

Q. What is the status of that application?

824 A. It has been granted.

Q. Your rights have been fully granted?

A. They have.

Q. What commodities, generally, do you carry, or are you limited?

A. We are not limited, other than commodities which we cannot handle, explosives, I believe, being one.

Q. The usual exceptions?

A. That is right—the usual exceptions.

Q. Mr. Barnwell, at what point in New York do you interchange your freight; at what point in New York City?

A. 490 Greenwich Street.

Q. What street?

A. 490 Greenwich Street.

Q. That is known as Downtown New York, is it not?

A. That is correct.

Q. With what companies do you interchange at that point?

A. We interchange with Consolidated Motor Lines, for one, and Acme and Colonial Freight Lines.

Q. There are a number of carriers with whom you interchange?

A. Quite a few.

Q. Is that your principal point of interchange?

A. Not any more so than Charlotte, N. C.

Q. With what companies, generally, do you interchange at Charlotte, N. C.?

825 A. Transportation, Inc., New South, Akers Motor Lines, and others.

Q. On your shipments going south from Charlotte, is it a fact that your principal interchange is with the Transportation Company?

A. That is correct.

Q. Name some other points of interchange.

A. Lynchburg, Va., is quite an important interchange point.

Q. Do you interchange at different points along the Atlantic?

A. Yes; to a certain extent.

Q. Do you know how many terminals you have?

A. No; I do not. That exhibit is correct.

Q. Are your terminals adequate for your present purposes?

A. No, sir; not a hundred percent. Only at a few points are they adequate.

Q. What is your main need in that respect?

A. Well, there are a number of points at which we need additional terminal facilities, and there are some points at which we do not have terminals that we would like to open them. Do you care for an illustration?

Q. What is the reason for the delay in providing these facilities, the terminal facilities that you have reference to?

A. There are two reasons. One is capital and the other is —

Q. Capital also.

A. Trained personnel to operate them.

826 Q. Maybe both of them are capital.

A. That might be true.

Q. But it is a fact that if you had capital, or is it a fact that if you had sufficient capital you would forthwith remedy the inadequacies with respect to your terminals?

A. Yes, sir; that is true.

Q. What is the condition of your equipment that you are operating, generally speaking?

A. Well, I consider it good.

Q. Are you in need of additional equipment?

A. Well —

Q. Or have you a sufficient amount at the present time to meet your requirements?

A. We have purchased during this year considerable equipment, but it might be that we would need more later on in the year.

Q. Did you, on behalf of your company, execute a contract with Associated Transport, Inc., on or about June 11th?

A. I did.

Q. And you joined in this consolidation application?

A. Yes.

Q. That is now on hearing.

A. I did.

Q. Was the main contract that you executed on behalf of Barnwell Brothers similar to that executed by Horton Motor Lines, Inc.?

827 A. It was.

Q. Are all of the differences with respect to that contract set forth in exhibits attached to the present application?

A. Yes, sir; that is true.

Q. Did you also execute a contract with Associate Transport, Inc., on or about the same date with reference to bringing into the group the Barnwell Warehouse & Storage Company?

A. Barnwell Warehouse & Brokerage Company.

Q. Barnwell Warehouse & Brokerage Company—you did?

A. I did.

Q. Do the exhibits attached to this application with respect to that company explain any differences as between the main contract and that as to the Conger Realty Company?

A. I think they are similar.

Q. That is a fact, though?

A. Yes.

Q. Will you give some reasons why you joined up your companies with this group?

A. Well, there are several reasons why I consider it advantageous to our company and its stockholders. I am seeking, first, more security for those who are dependent upon me.

Q. In what way have you been led to believe that this would bring about additional security for your stockholders?

A. Well, there will certainly be a greater distribution of responsibility and effort, as well as a larger field from
828 which to secure our revenue.

Q. Do you consider the bringing together of the heads of these different companies into an organization such as Associated Transport, Inc., with their counsel and advice as directors, of any particular value in looking towards the security that you are talking about?

A. I do. I have always considered that decision would have to be made effecting the possible existence of my operation and business, and I feel that the addition of the other gentlemen into the picture certainly would be an advantage.

Q. What is your opinion with reference to the ability of these gentlemen who are on the board of directors, and I am now eliminating Mr. Wiley Moore and also Mr. Arnold.

A. Well, they are gentlemen who have made a success in their particular lines.

Q. What do you mean by "their particular lines"?

A. I am speaking of the freight transportation business.

Q. They are the heads, are they not, of the operating companies brought into this group?

A. That is correct.

Q. And I understood you to say that you considered they have been successful.

A. Yes, sir.

Q. In the operation of their own companies?

A. I do.

829 Q. Do you think of any other reasons why you felt that it was a wise step for you to join with this group?

A. Well, taking a far view of the matter, I am satisfied it would be beneficial to the public, not only now—

Q. Before we get to that, Mr. Barnwell, I was speaking of your own personal set-up. Would there be any advantages with respect to additional capital?

A. Oh, yes.

Q. In what respect?

A. That is quite a desirable addition.

Q. And need.

A. And need.

Q. For your company.

A. Yes, sir.

Q. You spoke of a need for additional capital with respect to remedying the inadequacies of your terminal facilities. Are there any other capital needs with respect to your company?

A. Not without the purchase of additional equipment. I would say, and additional terminals.

Q. I would like to ask you this question: Do you consider that you have on hand sufficient working capital?

A. No, sir; I do not.

Q. About how much money do you feel that you would need additionally in order to have available satisfactory working capital?

830 A. Not less than \$200,000 to \$250,000 would I feel amply protected.

Q. Mr. Barnwell, is it a fact that your operations from Charlotte to New York City, practically in their entirety, parallel the Horton Motor Lines?

A. I would say to the extent of approximately 95 percent, that is true.

Q. Would you give us a rough estimate of the percentage of your route paralleled by Transportation, if any?

A. It would be very slight. It would be 2 percent—not over 2 percent.

Q. I will ask you the same question with reference to Southeastern.

A. Southeastern parallels my line only from Washington, I believe, to New York City.

Q. Are there any restrictions, Mr. Barnwell, with reference to the Southeastern along the lines paralleling you, from New York to Washington, I believe you said?

A. Restrictions with regard to Southeastern?

Q. The Southeastern or yourself, with regard to service at intermediate points? If you do not know, just say so.

A. There may be a slight restriction on one particular route.

Mr. COCHRAN. I will withdraw that question, Mr. Examiner. Mr. Brock has already testified as to that.

By Mr. COCHRAN:

831 Q. Have you a copy of Exhibit No. 2, Applicant's Exhibit No. 2, with reference to competition in the southern section of the territory?

A. Yes; I do have it.

Q. Have you looked over that exhibit carefully?

A. Yes, sir.

Q. Is it substantially correct?

A. Yes; I am sure it is.

Q. Do you know how many companies named on that exhibit, other than Horton and Southeastern, parallel your operations from the Carolinas to New York City?

A. I have made a study of this schedule since I received it, and have attempted to check those lines paralleling Barnwell Brothers practically a hundred percent, and I find that there are 15 such lines.

Q. Will you name those lines, please.

A. Akers Motor Lines, Atlantic States Motor Lines, Brooks Transportation, Inc., Central Motor Lines, Inc., Colonial Motor Freight Line, Cooper Motor Express, Harris Brothers Transfer Company, Hooks Motor Line, the Mason & Dixon Lines, Inc., McLean Trucking Company, Miller Motor Express, Mundy Motor Lines, Roadway Express, R.-C. Motor Lines, and Ross Motor Lines, Inc.

Q. Mr. Barnwell, are there other companies serving this section from the Carolinas in the direction of New York than those that you have just named?

832 A. Oh, yes; there are many more such companies.

Q. I meant to ask the question, serving from the Carolinas, operating in the direction of New York, along the lines or duplicating your lines.

A. Yes; some operate perhaps as far as Baltimore and terminate there, and into Philadelphia, and many lines originate between North Carolina and New York, starting at Richmond or Washington and other places.

Q. Would it be possible for those lines on through bill of lading to carry freight from the Carolinas by interchange freight to New York City?

A. Oh, yes.

Q. You say there are quite a number of them?

A. Yes.

Q. By reference to the interchange of freight, Mr. Barnwell, I believe you stated that your principal place of interchange in New York City is at some point that you named in the downtown section of the city.

A. Yes, sir.

Q. If this unification is permitted and is put into effect, would it be possible for truckload shipments originating in the New England territory for the South, the Carolinas, or Georgia, to bypass the congested districts of downtown Manhattan?

A. Yes; I should think that would be possible.

Q. Would that be over the George Washington Bridge, 833 or some other method of getting through the city near the upper end of Manhattan?

A. Over the bridge or through the new tunnel.

Q. Mr. Barnwell, will you please enumerate those things which you consider will result in benefits to your company, and as a benefit to shippers generally, and to the public, by reason of the consolidation of these motor lines?

A. I have heard the testimony offered by other carriers, and I heartily concur in that.

Q. Name the carriers whose testimony you concur with?

A. Horton Motor Lines—

Q. You mean Mr. Horton?

A. Mr. Horton.

Q. All right.

A. Mr. Arbour, Mr. Brock, Mr. Seymour, and others who testified.

Q. You heard their testimony, and you heard them enumerate the number of advantages that would be inured to their respective companies—I will eliminate from Seymour from that question—the number of advantages that, in their opinion, would result to the shipping public, and to the public generally? You heard them testify?

A. Yes, sir.

Q. And you say you concur in that testimony?

A. That is right.

834 Q. Have you any additional statements, Mr. Barnwell, that might enlighten the record with reference to those matters under consideration?

A. I hardly see how I could add anything. I do not know that the question of savings from the standpoint of communications was brought out. It might have been, but I did not hear it. I look for considerable savings to be derived by the communication system, and also a large improvement in the service in that respect. I could give you an illustration of what I mean when I say our revenue is hardly sufficient for us to maintain an all-time wire from our northern point to our southern point, although Mr. Horton's is sufficient to do that, and with this unification it would be possible to cut out a duplication there that would amount to considerable money, and it is natural to suppose that that would improve our tracings and dispatching of material.

Q. Mr. Barnwell, what sort of system do you have for preventing accidents and looking after the safety of your equipment and employees?

A. Well, that is the thought that we have spent a great deal of thought and time and money on.

Q. You have heard the testimony with reference to some of the other systems that are in use?

A. Yes.

835 Q. You heard Mr. Arbour's testimony with reference to the system that he has in operation in his company.

A. Yes.

Q. Is it your opinion that your present system should be improved, or can and will be improved?

A. There is room for improvement, and I should certainly think it would.

Q. Is it your opinion that the ideas presented here by Mr. Arbour, if applied to your organization, would constitute an improvement upon your present system?

A. It is.

Q. You spoke of your terminal facilities being inadequate. Have you in mind, Mr. Barnwell, presently, any plans which you would like to put into effect in reference to your terminals in the event that this consolidation is brought about?

A. Only my own?

Q. Your own, in conjunction with other members of the group.

A. Yes; there are at least five points presently being served by our lines that are without adequate facilities, or with none at all. I have in mind Winston-Salem, N. C., Ashboro, N. C., Durham, N. C., Raleigh, N. C., and Martinsville, Va.

Q. Are those points where you now have terminals?

A. We do not have one in Winston-Salem. We occupy a terminal there of someone else's, a connecting carrier. We do not have our own terminal.

Q. As a common carrier of freight, Mr. Barnwell, do you
836 consider the people of those communities are entitled to better service than is now being rendered by your company; is that the reason why you wish this consolidation?

A. We have rendered them good service, although it is a little expensive to us, and perhaps not as good as it might be.

Q. That is on the question of economy from the standpoint of the company rather than of service to the public, that you are speaking about specifically.

A. No; I do not say that, but we have found this to be true: Whenever we open a terminal in a town, our business increases tremendously.

Q. And the reason you have this need of terminals, I believe you stated a while ago, was lack of capital.

A. Yes, sir.

Q. Would it be possible, Mr. Barnwell, from your study of the terminal facilities in your section and over the routes that you are operating, by rearranging the use of the present terminal facilities and by the addition of other facilities, terminal facilities, that you will render a better and more efficient transportation service to the public?

A. Yes, sir; I really feel that.

Mr. COCHRAN. Those are all the questions I care to ask this witness at this time.

Exam. BAKER. Before we start the cross-examination, we will recess until 2 o'clock.

837 Mr. COCHRAN. This will be the last witness, Your Honor.

Mr. TOBIN. Why not finish it, Mr. Examiner.

Exam. BAKER. You have no other shipper witnesses?

Mr. COCHRAN. No.

Exam. BAKER. Then, I think we will go ahead. You may cross-examine.

Cross-examination by Mr. WIPRUD:

Q. Mr. Barnwell, you testified in regard to the anticipated financial security which you hoped to experience as a result of this unification. So far as that financial security is concerned, what do you think about the inclusion of Transportation, Inc., in this proposed unification?

A. I do not know that I understand your question clearly.

Mr. WIPRUD. Will you read the question, Mr. Reporter?

Exam. BAKER. Yes; read the question. I don't think I got it, either.

The WITNESS. I certainly think the inclusion of Transportation, Inc., would not add to the financial strength of the unification, but the shipments would be distributed more equally than they are, because everybody would have an interest in Transportation.

By Mr. WIPRUD:

Q. Would you state what that interest is, Mr. Barnwell?

A. Well, I have some of the stock of Transportation. I think it is approximately—I don't just recall what the percentage
838 is, but it is probably 28 percent of the capital stock. Does that answer your question?

Q. Yes. Thank you. I might add to that question, though: Have any of the members of your family any stock in Transportation?

A. Yes. My two brothers have stock in Transportation.

Q. Will you state the amount of stock that they have in Transportation?

A. When I said I thought it was 28 percent, I included in that my two brothers—their holdings.

Q. What is the business of Barnwell Warehouse & Brokerage Company, Mr. Barnwell?

A. At the present time practically its only line of business is the leasing of what few trucks it now owns and a very small amount of storage being conducted in the town of Burlington.

Q. What has been the situation in the past?

A. That was the parent company, Barnwell Warehouse & Brokerage Company, and at that time we conducted a warehouse business and brokerage of chemicals and mill supplies, et cetera. From that company grew Barnwell Brothers, but with the introduction of the trucking business, they eventually eliminated or did away with the business of storing in our small town. Therefore, it has just been held more or less as a leasing company since that time.

Q. Since what time?

839 A. Well, I would say approximately five years ago.

Exam. BAKER. Did not that company also formerly render some pick-up and delivery service for Barnwell Brothers?

The WITNESS. Yes; over the territory immediately surrounding Burlington.

By Mr. WIPRUD:

Q. Referring to Transportation, Inc., again, Mr. Barnwell, will you state for the record, if you know, who the other stockholders of that company are?

Mr. JOSELOFF. I do not object to the witness answering, if he knows, but I think that was set forth clearly by Mr. Clay, when

he stated his position and who the stockholders were, at the very inception of the case.

EXAM. BAKER. I do not recall that he testified to the names of the beneficial owners of that stock. Perhaps he did; but if Mr. Barnwell knows, he may answer the question.

A. The only way I could answer it is to say the J. Wiley Moore interests. I think it is perhaps in his son's name, however. I think his children own the stock.

EXAM. BAKER. Do the four interests own a majority of the stock?

The WITNESS. Yes.

By Mr. WIPRUD:

Q. You indicated the application reflects the difference between the Horton and Barnwell companies. I assume you meant by that the difference in regard to methods of doing business at the present and in the past.

840 A. Yes.

Q. The Barnwell Warehouse & Brokerage Company has never been used as a purchasing agent for Barnwell Brothers; has it?

A. No, sir.

Q. You indicated that one of the difficulties at the present time in connection with the proposed additional capital expenditures was not only the lack of capital, but also the lack of trained personnel. There is nothing in this unification that would assist in the latter, is there?

A. In regard to trained personnel?

Q. Yes.

A. Well, I do not know that they would assist in it at all, sir.

Q. You have testified in regard to interchange at New York, Mr. Barnwell. Assuming a movement from Burlington, N. C., into New England, consisting of less-than-carload operations, what stops would be involved and at what points over that operation for unloading and loading to fill the space of the vehicle?

A. You mean a partially loaded truck leaving Burlington for New England; is that correct?

Q. That is right.

A. And in our particular instance, what stops would it make to get additional loads?

Q. That is right.

841 A. At Richmond or Lynchburg or Charlottesville or Washington. That would be about all. If we had not filled it by that time, I mean we would not continue it. I should say.

Q. As an operating proposition, that practice would not be changed, would it, insofar as that movement is concerned, even if these lines were unified?

A. It would, in this respect, sir, that instead of there being two companies, with a like situation, it would be one, and the chances are that many more trucks would be completely filled at each originating point.

Q. That would be the extent of the change in that regard?

A. Yes.

Q. In your opinion, would a trailer be sent from Burlington, N. C., over this route through New York into New England, without change?

A. Yes; I think that would be practicable. Is that what you mean?

Q. Yes.

A. Yes; I do. It is presently being done between Transportation and Barnwell Brothers into the South.

Q. Between those two lines?

A. Yes.

Q. Well, how is that movement handled? Is the trailer transferred to Transportation, and they pick it up with their tractor; is that it?

842 A. That is correct.

Q. So it is possible to send a trailer through under existing conditions, as between these various lines?

A. It is, as far as our companies are concerned—Transportation and Barnwell.

Q. Yes.

A. We have that arrangement.

Q. But it is, as an operating proposition, possible between other lines involved in this case?

A. Yes.

Q. I think you testified in regard to your intrastate rights, Mr. Barnwell. Have you ever made application for intrastate rights in Pennsylvania?

A. Intrastate rights in Pennsylvania—not to my knowledge.

Q. Considering the fact that your line parallels the lines of the Arrow Carrier Corporation for a considerable distance in the State of Pennsylvania, will you state why you have not sought such rights?

A. Well, sir, we have never been that type of operator. I mean, we are more or less a long-distance operator, and we have not cared particularly about the operation of short hauls between points close together.

Q. Then, insofar as your operation in Pennsylvania is concerned, it is wholly interstate?

A. Yes, sir.

843 Q. I do not recall whether you testified or not, but what proportion or what percentage of your routing miles are competitive with Horton lines?

A. I said I thought it was about 95 percent. I gave that figure earlier.

Q. And your business is competitive with that or the Horton Lines?

A. Yes.

Q. And if this unification is approved, you believe that that competition will no longer exist?

A. That is right.

Q. I believe you testified, Mr. Barnwell, that one of the advantages, if not one of the considerations that led you to join in this unification, was the value which you placed upon the opinion and counsel of the men that you named, and who will form the official family of the proposed unification. Will you state for the record why you value Mr. Seymour's opinion regarding trucking problems?

Mr. COCHRAN. If you will remember, I left Seymour out of my question.

Mr. WIPRUD. Well, the witness did not.

A. Mr. Seymour has had considerable experience in the operation of taxicabs and the maintenance and upkeep of large fleets. I presume it would be of advantage from an operating standpoint, though he has been considered a very successful
844 businessman, and I do heartily regard his judgment in that respect.

Q. The taxicab business is somewhat different than the trucking business; is it?

A. Yes; quite true. It is quite different, but the maintenance problem may be somewhat similar.

Q. I believe counsel here stated that Mr. Moore resigned from your directors. Was it the directors of Associated Transport?

Mr. COCHRAN. Mr. Arnold said on the stand that he would resign.

Mr. WIPRUD. Yes; and I believe it was the testimony also of Mr. J. S. Arnold—

Exam. BAKER. Has there been any testimony that Mr. Moore was going to resign?

Mr. MACDONALD. Mr. Cochran stated on the examination of this witness.

Mr. COCHRAN. No; I directed my attention to operating ability and eliminated those two from my question.

Exam. BAKER. Perhaps you had better rephrase your question.

By Mr. WIPRUD:

Q. Mr. J. S. Arnold, who was a member of the directors of the Associated Transport Company, testified that if and when this unification is approved he proposed to resign from the board of directors. Will you state very briefly, if you know, who will succeed him on the board?

845 A. It is my thought that it would be a gentleman from the Arrow Carrier organization. That has been my supposition, and I think it is correct.

Q. Do you know the business of Mr. W. L. Moore?

A. His business?

Q. Yes.

A. Yes; he is in the oil business.

Q. In what company?

A. Pure Oil.

Q. Do you know the position he holds in the Pure Oil Company?

A. He is chairman of the board, I believe, of Pure Oil of the Carolinas.

Q. Of the Carolinas?

A. Yes; and perhaps a similar company in the State of Georgia.

Q. Do you know whether Pure Oil sells gasoline and other products to any of the companies involved in this unification?

A. They sell them to Transport, Inc., I think. That is the only one I know of which they sell.

Mr. WIPRUD. That is all, Mr. Barnwell.

Exam. BAKER. Is there any further cross-examination?

Mr. O'BRIEN. No.

Mr. JOSELOFF. I would like to ask the witness a few questions.

Redirect examination by Mr. JOSELOFF:

Q. Mr. Barnwell, Mr. W. L. Moore is not a director of Transportation, Inc.; is he?

846 A. No.

Q. Nor is he a beneficial stockholder of Transportation, Inc.; is he?

A. That is my understanding. I understand the stock is not to him.

Mr. JOSELOFF. That is all.

By Mr. COCHRAN:

Q. Do you interchange trailers at Charlotte with Transportation?

A. Yes, sir.

Q. Are there any intercompany points on the system where you interchange equipment?

A. At Asheville, I believe.

Q. With what company?

A. Transportation.

Q. Is there any other company with which you exchange equipment?

A. No.

Q. You stated with reference to Transportation, or did you state or mean to state that your interest in bringing Transportation into this group was the fact that you were a stockholder, and that was your only interest in it?

A. I did not make that statement, sir. I would not make that statement. That is a reason, but they are also a very important connection of ours, as well, over which our interchange freight into the South has moved for eight or nine years.

847. Q. You consider that Transportation is a concern that has potentialities as to growth and development?

A. Yes, sir; I do.

Q. I believe you mentioned trained personnel.

A. Yes, sir.

Q. Did you hear Mr. Horton's testimony with reference to the possibilities of training personnel?

A. I did not hear that, Mr. Cochran.

Q. Has it been discussed in this group, or have you considered the question of inaugurating schools or some method for training personnel?

A. I do not recall that that has been discussed in my presence, although I know such things do exist, and we have a semblance of such an arrangement in our own organization.

Q. You spoke of Mr. Seymour as being an experienced maintenance man so far as trucks are concerned. Do you consider Mr. Seymour is a man of any considerable ability, executive ability?

Mr. O'BRIEN. I do not know that the witness testified as to trucks.

Mr. COCHRAN. Cab trucks.

Mr. WIPRUD. Taxicabs, he said.

Exam. BAKER. Rephrase the question, to avoid any confusion.

By Mr. COCHRAN:

Q. You spoke of Mr. Seymour having experience in the maintenance of trucks; is that correct?

A. No, sir; taxicabs.

848. Q. Well, yes; taxicabs. A taxicab is not a truck. Taxicab, I believe, is right. How long have you known Mr. Seymour?

A. I have known him for about 18 months.

Q. Do you consider him a man of considerable ability as an executive, or not? Just state the facts.

A. I do consider him a man of executive ability, and my inquiries have proven that men who have known him much longer than that have the same opinion.

Mr. COCHRAN. That is all.

Exam. BAKER. Mr. Barnwell, Mr. Seymour has also been interested in the trucking business; has he not?

The WITNESS. Yes, sir.

Exam. BAKER. So that his experience has extended to the maintenance of trucks in that way.

The WITNESS. Yes, sir.

Exam. BAKER. Are there any further questions of this witness?

Mr. WIPRUD. I have just one question, Mr. Examiner, in view of that situation.

Re-cross-examination by Mr. WIPRUD:

Q. You testified in regard to interchange at New York, Mr. Barnwell, with carriers other than carriers involved in this unification, in the event that this unification is approved.

849 **What have you to say about interchange with carriers other than with carriers involved in this unification?**

A. Well, it will be necessary for the unified lines to continue their interchange of freight with as many lines as possible today, because a good bit of our business is derived from those sources, and it certainly would not be to the interest of the unification to reduce the number of interchange carriers.

Q. Well, assuming that the lines with which interchange is now had by Barnwell Brothers at New York City parallel the routes of a carrier involved in this unification, with which you also interchange at New York City, would not the tendency be to divert the tonnage, the interchange tonnage, northbound, to the carrier involved in the unification?

A. I doubt, sir, if that would change it, because the usual practice is this: Our company selects what they consider the best company going into a territory, and makes the best bargain it can with them, as far as interchange business is concerned, and that company is considered the preferred connection of the line, my line or Mr. Horton's or whoever it may be, and is there given the unrouted freight regardless, but any routed freight would continue to be given to the lines—for instance, if it was routed Barnwell-Adley, it would certainly move over that combination of Barnwell-Adley.

Q. And if it is routed Associated Transport, it would
850 go to Transport only.

A. Yes.

Q. In the event the unification is approved, the tendency would be, would it not, so far as interchange business at New York is concerned, for this line which would become a part of the unified line to interchange with other lines that are a part of the unified system, more than they do today?

Mr. JOSELOFF. There would not be a problem of interchange, would there, after the unification?

The WITNESS. I was just going to say—

Mr. WIPRUD. I guess not. I guess that answers the question.

Exam. BAKER. What is your answer, Mr. Barnwell?

The WITNESS. I said that would probably be eliminated to that extent.

Mr. WIPRUD. That is all.

By Mr. O'BRIEN:

Q. Do I understand, Mr. Barnwell, if the unification is approved by the Commission, the matter of interchange will continue as it is now with your company?

A. With whom, Mr. O'Brien?

Q. With one of the operators who are interested in the interchange and operating parallel routes.

A. We do not contemplate, or at least it has not been my contemplation, to reduce my number of interchange carriers other than those who would become automatically eliminated by becoming a part of the unification.

851 Mr. O'BRIEN. That is all.

By Mr. WIPRUD:

Q. Would it not be your purpose, Mr. Barnwell, so far as Associated Transport is concerned, or the unified lines, and would it not be to the interest of the unified lines, to hold it to those lines so far as they possibly could?

A. It would certainly be to the interest of the unified lines to make their proportionate part of the haul, as far as they could. That is evident.

Mr. WIPRUD. Yes.

Exam. BAKER. Are there any further questions? Witness excused.

(Witness excused.)

Mr. COCHRAN. That is the only witness we have, Mr. Examiner, until our auditor is prepared to go on the stand.

Exam. BAKER. Do you make a motion for an adjournment to a particular day?

Mr. COCHRAN. I would like to ask that this hearing be adjourned until Tuesday morning.

Exam. BAKER. The Department of Justice indicated, when it first requested permission to intervene in these proceedings, that it would desire some additional time. Is it still the desire of the Department of Justice for additional time, Mr. Wiprud?

Mr. WIPRUD. Yes; it is, Mr. Examiner. As I indicated here the other day, the request of the Attorney General for 30
852 days is the period which is indicated as necessary within which to complete the testimony which we propose to present.

Exam. BAKER. If we could adjourn for one week, would it give you the additional time to prepare any testimony that you desire to present? Would that be satisfactory to counsel?

Mr. WIPRUD. As I stated at the outset of the hearing, the nature of the testimony presented by applicant would indicate to some extent the testimony which we propose to present. I do not believe that there is clearly presented in the record here yet exactly the basis upon which this transaction is to be consummated, and that would have some effect upon some of the testimony that we would present. If it were possible to have the financial interests, which would indicate what is missing here on the question of the basis upon which this transaction is proposed to be consummated, it might considerably shorten our presentation and considerably expedite it.

Exam. BAKER. Mr. Wiprud, I think the basis of the transaction is set forth in the contract which is now a part of the application. It is true that there will be some adjustment as a result of the auditor's testimony, but that will not materially affect the basis of the transaction. I personally do not desire to postpone this case for one period of time, and then grant a further adjournment. I feel that after one adjournment we should complete this hearing; so if you have any feeling that one week will not be
853 sufficient time for you to prepare any evidence you want to present, I would like to have you state so now.

Mr. WIPRUD. Well, all I can do is to restate what the Attorney General has already stated; and that is that we would like 30 days in which to present the testimony that we have to present.

Exam. BAKER. Mr. Wiprud—and I will address this to all of the parties—is it the desire of the parties to submit briefs after the close of the hearing? Can you make any statement in that regard at this time?

Mr. JOSELOFF. If you wish a statement from the applicant, Mr. Examiner, I may state that the applicant does not desire to file briefs.

Exam. BAKER. What would be your position?

Mr. O'BRIEN. It may be necessary. The information which we have requested as to the amendment to the charter has not

yet gotten into the record, and we will probably not get that until after the reopening of the hearing, and naturally we will have to make some investigation ourselves in connection with that matter. However, I have asked Mr. Cochran today if it were possible for him to get that information for me, and he has assured himself, and so has Mr. Seymour, that they will endeavor to get it to me in typewritten form over the week end;

854 and that, of course, will help considerably, but more than likely we will have to investigate it and probably have to put our financial statements into brief form. That is, unless there is a sufficient amount of time in between the adjournment and the reopening of the hearing.

Exam. BAKER. What I had in mind was that if we grant intervenors additional time to prepare their case, it would seem only fair from the standpoint of the applicant—and, naturally, that is the only party that would suffer by the delay occasioned—that perhaps we cut down the usual time granted for the filing of briefs after the close of all the evidence. The usual time is 30 days. How would the parties feel about cutting that down by one week, say, to 23 days?

Mr. O'BRIEN. That would be agreeable with us.

Mr. WIPRUD. It is agreeable to us.

Mr. JOSELOFF. Do I understand from Mr. O'Brien that if that information with regard to the employees which he has requested be furnished to him over the week end, there might not be any desire, so far as he is concerned, to file a brief?

Mr. O'BRIEN. No, sir. I may have to file a brief. I cannot answer until I have gotten that information and had an opportunity to examine it. May I inquire if Mr. Wiprud desires to file a brief?

Exam. BAKER. I was not asking the parties to commit themselves definitely on that, but I would like to have them state whether or not 23 days will be a sufficient time in case briefs are submitted.

855 Mr. WIPRUD. That will be satisfactory to us.

Mr. JOSELOFF. That will be satisfactory.

Mr. COCHRAN. You can make it 10 days, and that will suit us.

Exam. BAKER. Before deciding upon the length of time and as to the justice of a protracted adjournment to allow intervenor to prepare evidence, I feel he should give some indication as to just the nature of the evidence he proposes to submit.

Mr. WIPRUD. We are willing to do that. Mr. Examiner, if you are directing your question to me.

Exam. BAKER. Yes.

Mr. WIPRUD. Our evidence will be directed to just the scope recited by Mr. Arnold in his letter, with reference to the elimination of competition and the monopolistic features of this proposal, and may also embrace the financial aspects of the proposal in its relationship to those two first points. I think that generally covers it.

Exam. BAKER. I would like a little more specific information, Mr. Wiprud, as to the type of evidence you propose to submit. Do you propose to bring in witnesses to show that there will be insufficient competition over the routes involved in this transaction, or is it merely proposed to bring a witness to testify generally as to the evils of monopoly?

Mr. WIPRUD. I think the former.

856 Mr. JOSELOFF. It seems to me, Mr. Examiner, that this case has been noticed and pending for a considerable period of time, and if it is Mr. Wiprud's intention to confine his evidence to competition in the territory generally, he should show us why he needs a great deal of time for bringing in those witnesses. That does not present any difficult problem in analyses or in computation. It merely presents the problem of calling up someone on the telephone and asking him to come up, and after a conference, or something of that sort, putting him on, as you do in an ordinary case. I fail to see where Mr. Wiprud has given any substantial reason that would indicate that any further extended period is necessary.

Insofar as the financial aspects of the case are concerned, they are clearly set forth in the application. In fact, the financial exhibits are in, and the only exhibits that would come in when the applicant submits its auditor are in clarification of the exhibits that are already presented and in analyses of the adjustments. It seems to me that having had this application before him, as Mr. Wiprud has had, and having sat through these hearings, he has a full grasp of the problems and the points in issue in this case, and I cannot see where, on the basis of what he has stated, any extended time is necessary. The applicant is prepared, as a matter of fact, to go on with the case on Tuesday, but feels that the Examiner's suggestion of one week is, considering
857 all the circumstances, certainly a very ample time.

Exam. BAKER. Mr. Wiprud, what have you to say as to the necessity for additional time?

Mr. WIPRUD. Well, I think that is the whole question. In our view, Mr. Examiner, we do not believe there is any evidence here on competition that is competent or is sufficient upon which the Commission can make a finding. I think we have pointed that out in connection with these exhibits, and it will be our effort to present to the Commission what we believe to be the result of this

proposed unification upon competition. We have had an enormous duplication of figures which completely blind and obscure the real effect of this proposed unification upon the motor-trucking industry upon the Atlantic Seaboard. We do not feel the record has been scratched on that question. As far as the exhibits are concerned that have been brought in here, they are almost impossible of interpretation, and certainly of applying them to that question. They merely list a series of carriers in a given territory, and to indicate the points they serve does not reflect the competitive picture. I think, from reading the prior reports, that difficulty was clearly emphasized by the Commission, and as far as we can ascertain there is nothing in this record that is any different from that former record. We hope to present the competitive picture and the effects of this unification upon the competitive picture.

858 Exam. BAKER. The notice of the hearing on this application was served July 29th, and I am advised informally that the Department of Justice made telephone inquiry with respect to the matter within a few days after that date; so they have had knowledge of the pendency of this application for a considerable period of time. I believe that an adjournment of this case for two weeks will be sufficient under all the circumstances.

I will therefore adjourn this proceeding until September 5, 1941, at 10 o'clock a. m., at the office of the Interstate Commerce Commission.

(Whereupon, at 1:10 o'clock p. m., August 22, 1941, the hearing was adjourned.)

859 Before the Interstate Commerce Commission

Docket No. MC-F-1612

ASSOCIATED TRANSPORT, INC.—CONTROL AND CONSOLIDATION—
ARROW CARRIER CORPORATION, ET AL.

Docket No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES

HEARING ROOM "B."

I. C. C. BUILDING,

Washington, D. C., Friday, September 5, 1941.

Met, pursuant to adjournment, at 10 a. m.

Before VERNON V. BAKER, Examiner.

Appearances: (The same as heretofore noted, with the following additional appearances:) Frank Coleman, Special Assistant

to the Attorney General, Anti-Trust Division, Department of Justice, Washington, D. C. Edward F. Lacey, Executive Secretary, The National Industrial Traffic League, 450 Munsey Building, Washington, D. C. W. H. Ott, Jr., 500 Peshtigo Court, Chicago, Ill., appearing for Middle Atlantic States Shippers Motor Committee and Kraft Cheese Company.

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PROCEEDINGS

Exam. BAKER. Come to order, please. We will now resume the hearing on the application of Associated Transport, Inc., in Dockets MC-F-1612 and 1613. Before the applicant puts on its first witness, are there any additional appearances this morning?

Mr. COLEMAN. Mr. Examiner, I appear for the Anti-Trust Division of the Department of Justice. My name is Frank Coleman, special assistant to the Attorney General.

Exam. BAKER. Are you a registered practitioner?

Mr. COLEMAN. I happen to be; yes, sir.

Exam. BAKER. Very well.

Mr. MILLER. Mr. Examiner, I would like to add to the carriers represented by Mr. Dempsey and myself. Those carriers are Harris Brothers Transport Company, Inc., Charlotte, N. C., and W. W. Miller, doing business as the Miller Motor Express, Charlotte, N. C.

Mr. LACEY. I am entering the appearing of Edward F. Lacey, executive secretary, on behalf of the National Industrial Traffic League, offices at 450 Munsey Building, Washington, D. C.

Mr. OTT. W. H. Ott, Jr.—

Exam. BAKER. Just a moment. Mr. Lacey, you are a registered practitioner, are you not?

Mr. LACEY. Yes.

862 Exam. BAKER. Do you desire to state the position of the League?

Mr. LACEY. We are here to observe. We may file a brief, and if a proposed report is entered we may have something to say about the proposed report; but we have no position to announce as yet.

Exam. BAKER. Very well.

Mr. OTT. W. H. Ott, Jr., 500 Peshtigo Court, Chicago, Ill., for Middle Atlantic States Shippers Motor Committee and Kraft Cheese Company.

Exam. BAKER. Will you state whether you are a registered practitioner?

Mr. OTT. I am a registered practitioner.

Exam. BAKER. I believe the position of the Middle Atlantic States Shippers Motor Committee has already been stated.

Mr. OTT. Yes, sir.

Exam. BAKER. Your appearance is also, as I understand it, for the Kraft Cheese Company. Is that correct?

Mr. OTT. That is correct.

Exam. BAKER. What is the position of that company?

Mr. OTT. That they may appear and participate in the filing of a brief, or if a proposed report is issued, to take a position on that. I have no position to state at the present time.

863 Exam. BAKER. Very well. Applicant may call its first witness.

Mr. JOSELOFF. Mr. Howell, please.

H. E. HOWELL, being first duly sworn, testified as follows:

Direct examination by Mr. JOSELOFF:

Q. Your name and address, Mr. Howell?

A. H. E. Howell, Taunton, Mass.

Q. What is your occupation, Mr. Howell?

A. Vice president in charge of traffic, McCarthy Freight System, Inc.

Q. How long have you been associated with McCarthy Freight System, Inc.?

A. A little over nine years.

Q. And as such, your duties have been connected with traffic problems?

A. Yes; in direct charge of all traffic problems, and for a number of years of sales activities, as well.

Q. I show you this booklet or pamphlet, Mr. Howell, entitled "Analysis of Competition with McCarthy Freight System, Inc., and Consolidated Motor Lines, Inc., of Regular Route Common Carriers of General Commodities for Interstate Freight Traffic in New England," and ask you whether that was prepared under your direction and charge?

Exam. BAKER. Suppose we identify it, first, Mr. Joseloff.

864 Mr. JOSELOFF. I ask that it be marked for identification.

Exam. BAKER. The document described will be identified as Plaintiff's Exhibit No. 6.

(Exhibit No. 6, Witness Howell, marked for identification.)

By Mr. JOSELOFF:

Q. I ask you whether or not this was prepared under your direction and charge?

A. Yes; it was prepared under my direct supervision.

Q. Will you please look at this exhibit and explain the general nature of it and its contents?

A. The exhibit itself consists of 36 pages, and front and back covers. It purports to show the competition which exists in the New England territory north of Bridgeport—north and east of Bridgeport, Conn., and east of Albany, N. Y., and including all territory covered by these two operators in the States of Rhode Island, Massachusetts, and Connecticut, and the immediate Albany, N. Y., area.

Q. Looking at the exhibit specifically, would you explain please the various topics contained in it, with particular reference to the meaning and purpose of the arrangement.

A. Well, the exhibit is drawn up so as to clearly indicate the competing carriers operating over the routes as shown in this exhibit. Page 1 is an index to the contents of the exhibit.

865 On pages 2 to 7, inclusive, will be found an alphabetical list of the competing carriers. In this section will be found a total of 292 carriers that are shown as competing with the McCarthy Freight System and Consolidated Motor Lines on one or more of the routes shown.

On pages 8 to 10 will be found a numerical list of these same carriers. In this numerical list I might add that the code numbers or numbers assigned these carriers are shown. The reason they are not consecutive is because we found it more advantageous to use numbers assigned these carriers in the tariffs filed with the Commission. Due to the shortage of time we used these code numbers rather than to attempt to do them all over in a consecutive order. However, these numbers will accomplish the same purpose.

Q. But the code numbers themselves are in consecutive order.

A. That is right.

Q. And the next number is higher than the preceding number.

A. That is right. On pages 10 to 16 will be found Table I, which is the table showing the total number of competing carriers by routes. Page 17 is just an outline map of the territory covered by this exhibit, which I spoke of previously. On pages 18 to 22, inclusive, will be found route graphs showing the competi-

866 tion. Table II on page 23 shows an analysis of competition by routes showing individual carrier references. I will explain these sections in more detail as we go through the exhibit.

Q. Now, looking specifically at page 2 of this exhibit, Mr. Howell, I note that you have the carriers' addresses and code numbers. To what does that code number relate?

A. That code number is the number I spoke of before. That particular code number is the number assigned by the New England Motor Bureau in tariffs published by them, in which all of these carriers participate in either local or joint through rates in

competition with both the Consolidated Motor Lines and the McCarthy Freight System. These code numbers, of course, are used in other sections of this particular exhibit. In other words, they tie in specifically with Table No. II on page 23. It will be more in order to discuss that when I reach the explanation of it. It would be better to take them in order than to jump to that now.

Q. Is there anything further you wish to add by way of explanation of the alphabetical list of competing carriers, pages 2 through page 7?

A. No; they speak for themselves, except I would state that there is a total of 292 carriers listed in this particular section.

Q. Now, are these competing carriers all common carriers of commodities generally?

A. Yes; this exhibit does not attempt to show anything but the competition of regular route common carriers of general commodities. There are, of course, a great number of carriers who have irregular route rights, which competition is very severe, and they, of course, could be considered if time permitted a more complete analysis of this particular exhibit. Of course, there are many carriers who have rights to handle specific commodities which this exhibit does not attempt to even show, even though on these specific commodities that competition is often more severe and stronger than the carriers of commodities generally.

Q. This exhibit, does it purport to show any other forms of competition, such as rail or water competition?

A. No; not at all. This exhibit just shows the actual motor carrier competition, regular route common carriers, motor carriers, of commodities generally.

Q. Whether or not, from your own knowledge and experience in the trucking business, particularly your connection with the McCarthy Freight System, for a number of years, you know of the nature of the rail and water competition?

A. Yes; I am very familiar with it.

Q. State just briefly for the record what it is.

A. The New Haven Railroad operates in practically all of the territory covered by this exhibit, with the exception of a small part of the territory in the northeastern part of Massachusetts, such as the Lowell, Lawrence, and Amesbury territory, where the Boston & Maine Railroad operates; likewise, the territory in the northern part of Massachusetts, such points as Fitchburg, Greenfield, Pittsfield, and North Adams. That territory is operated by the Boston & Maine Railroad and the Boston & Albany Railroad. Those two carriers also operate between Boston & Albany and New York territory. So there is, of course, rail competition to practically every point shown on this exhibit.

Q. Now, in addition to that competition, what can you tell us of the competition of the private trucks or the shippers in this territory?

A. Well, it is my opinion that New England, due to its highly industrialized short-haul territory, is more susceptible to shipper competition than probably any other area in the United States, and it is always one of our problems there to take this shipper competition into consideration.

Q. Whether or not it is a substantial amount of competition at the present time?

A. Yes; it is. It is very substantial.

Q. Whether or not this exhibit takes into consideration the contract carriers operating in this territory?

A. No; it does not attempt to do that. That competition is fairly strong, too, particularly in certain commodities.

Q. Now, I am going back to the exhibit—

Mr. JOSELOFF. And, by the way, that exhibit number was what?

Exam. BAKER. No. 6.

Mr. JOSELOFF. No. 6?

Exam. BAKER. Yes.

By Mr. JOSELOFF:

Q. Going back to Exhibit No. 6, Mr. Howell, is there anything further that you would desire to add to your second topic "Numerical List of Competing Carriers," on pages 8 through 10?

A. No; that section, I think, explains itself, and I have previously explained the code numbers, as to why they are not directly consecutive in all cases. This numerical list, of course, would list the same total number of carriers as I mentioned before, 292.

Q. Now, will you explain, or is there any further comment you wish to make on Table No. I, which is the total number of competing carriers by routes, and which is set forth on pages 10 through 16 of this Exhibit No. 6?

A. Yes; I think an added word or two would be proper on this particular section. This Table No. I shows the total analyzed number of routes, 257. Using the first line as an example, it shows that between Albany, N. Y., and Boston, Mass., which we have analyzed, there are nine regular route common carriers of commodities generally. Now, we have shown on the far righthand corner, where it is entitled "Route Shown on Map," the letter "E."

Later on there will be found five different maps, and they are marked A, B, C, D, and E, and if you turn to the last map, which would be E, you will find a line drawn directly between Albany and Boston, with a figure "9" in the broken center. In other

words, that map indicates that there are nine such carriers as indicated operating between Boston and Albany, and that ties in with this Table No. I.

The same thing would be shown on the second graph, between Amesbury and Providence. For example, we show seven carriers listed, and if you will turn to map C you will find the same direct line shown between Providence and Amesbury, with a No. 7 indicated in the center where the line is broken.

With that explanation, I believe the rest of the exhibit speaks for itself.

There were a great number of routes analyzed; as a matter of fact, all of the routes of any consequence at all, and that the McCarthy Freight System or the Consolidated Motor Lines operates within the confines of the territory that I have indicated the exhibit covers.

Q. Now, I note that you have five different maps, numbered A through E, consecutively. Will you explain what these
871 maps purport to indicate on the basis of the routes and why you have divided them up as you have on this exhibit?

A. First, Mr. Joseloff, I might mention that on page 17 is shown an outline map of the territory. We did that just to make it a little bit clearer. This outline map shows the 29 important points in the southern New England territory which this particular exhibit considers, and Albany, N. Y., as well.

We will now proceed to map A, which is found on page 18. It is quite obvious that if we attempted to put all of these 257 routes on one map, we would have a map which would be simply unreadable. So we were forced to devise some method of breaking them down. We found it necessary to break it into five different maps under a mileage basis; so that map A represents the routes which are under 50 miles; map B represents mileages of 51 to 75, inclusive; map C, 76 to 100 miles; map D, 101 to 135 miles; and map E, 136 miles and over.

Referring to map A specifically, you will see a direct line drawn between Boston and Providence, with the figure "78" in the middle. That indicates that there are 78 such carriers as I have mentioned operating between Boston and Providence.

By referring to the line between Springfield and Middleton, you will find "20" in the broken line, which indicates that there are 20 carriers; Springfield to Hartford, a line showing 44 carriers; Pittsfield to Albany area, showing 25 carriers.

I might add that in analyzing the compliance orders and
872 any other orders issued by the Commission covering these operating rights, we have not considered any circuitous routes. These competitive carriers have direct routes between all these points shown on any of these exhibits.

For example, if a carrier had operating rights from New London, Conn., to Springfield, and Springfield to Worcester, running a direct route from New London to Worcester, we would not show that competition at all, even though it is competition.

Map B—of course, I do not believe it is necessary to take too much time on it—simply shows the route between 50 and 75 miles, as I have indicated previously, and that is true of the other maps. In other words, all of these maps actually show the different routes. There is no duplication of routes in any case.

Of course, when you go to map E, you get longer routes, such as Boston to Albany, Albany to New London, Boston to Bridgeport, or routes of that type. In other words, as the maps progress in alphabetical order, the distances of the routes analyzed increase.

Q. These numbers that you have on the maps, then, are tied into the rest of the exhibit in what fashion?

A. They are tied in directly with Table I, as has been previously referred to, back to Table I on page 11, the first line of which shows between Albany and Boston a number of 873 carriers, 9, and it shows the route shown on map E.

In other words, if you will refer to map E and locate the broken line between Albany and Boston, you will find the figure "9"; so, therefore, the map exhibits are a reproduction in a map form of the information contained in Table No. I, and likewise all of this information will be carried on Table II of page 23, which I will explain.

Q. Before we get off these maps, I have one other question: Do these maps purport to show, or does this exhibit purport to show, the competition of carriers resulting from interchange arrangements or concurrences?

A. Not at all, even though there is a great quantity of such competition of carriers through combination of routes and under transit or joint through rates. Of course, in many instances, we find that type of competition, strange as it might seem, is very difficult to combat, and those direct carriers, due in many instances to personal desires of the shipper to support some small operator who is serving him, and in many instances they have felt that the small operator serves them better than a larger operator can. So that combination of competition is very plentiful and it is very real, too.

Q. Now, have you any further comments to make in regard to Table II shown on pages 23—

A. It goes to the end of page 36.

874 Q. Pages 23 through 36 in this Exhibit No. 6?

A. No, other than to identify it and show how it actually works.

Q. Please do so.

A. This table again analyzes 257 routes. This table, however, purports to show the actual names of the carriers operating between these particular points. That is, it shows it indirectly through the code number.

For example, take the first line between Albany and Boston. The first carrier shown there is code No. 41. If you will refer back to pages 8 to 10 in the numerical list of contents, and go down in numerical order until you find No. 41, you will have opposite that the name of the B. & S. Transportation, Inc. That indicates that the B. & S. Transportation, Inc., operates between Boston and Albany, and the same thing would follow in all of the other code numbers.

No. 93, which is the next number, is the Boston-Buffalo Transportation Company, and so on. I believe otherwise the exhibit speaks for itself.

Q. I believe you stated that this exhibit was prepared under your control and direction and from the compliance orders or certificates of these carriers mentioned therein.

A. That is correct.

Q. Will you explain that.

A. In a very few instances, the information was taken from recommended orders of the Commission, where they had not reached the status of a compliance order or certificate, but the analytical work was taken from an examination of the certificates and compliance orders and recommended orders.

Q. Of how many carriers?

A. Slightly over 600 carriers' certificates and compliance orders were actually analyzed. Again, I would like to say very strongly that this does not attempt to show all the competition. Lack of time and the lack of some of these certificates and compliance orders being made available prevented a complete analysis of all of the competition which exists.

Q. So that in addition to what is shown here, there is also additional competition of common carriers of commodities generally not set forth in this list?

A. There is no question about it. There is.

Q. And in addition to that, I believe you mentioned there was competition of the irregular route carriers, carriers of special commodities, rail carriers, private trucks, contract carriers, interchange carriers, and concurring carriers.

A. That is correct, and the Railway Express Agency.

Mr. JOSELOFF. At this stage, I would like to ask that this document be introduced as one exhibit, Mr. Examiner.

Exam. BAKER. Suppose you defer offering that until the cross-examination is completed.

Mr. JOSELOFF. Very well.
876 Exam. BAKER. Cross-examine.

CROSS-EXAMINATION

Mr. MACDONALD. I have a few questions, Mr. Examiner.

By Mr. MACDONALD:

Q. I would like to ask you, Mr. Howell, whether in this exhibit there is any breakdown of the carriers listed in terms of their annual volume and gross operating volume.

A. No, sir; no such attempt has been made at all.

Q. Is there any breakdown as to the number of vehicles they operate?

A. No, sir.

Q. Is there any indication as to the route miles operated by the individual carriers?

A. No.

Q. In the aggregate, the routes listed in this exhibit, referring to those routes, do they represent the combined operations of McCarthy and Consolidated?

A. Yes, sir; because the two companies' routes are practically parallel in their entirety, anyway.

Q. Are there any indications in regard to the carriers listed here as to the proportionate amount of this route which they cover?

A. I don't understand that question.

The WITNESS. Will you read the question, Mr. Reporter, please.

877 (Question read.)

The WITNESS. I would like you to explain more what you mean. I don't understand what you are driving at.

By Mr. MACDONALD:

Q. How can it be determined how much of the area contained in these maps is covered by any particular carrier?

A. The only way you can do that is to examine the different routes shown in Table II, and follow any one code number through. Now, if you will refer to Table II, I will show you just what I mean. In other words, you will find carrier 1012 there indicated quite frequently. It is between Boston and Albany; it is between Albany and Bridgeport, and Albany and Fall River, and Albany and Pittsburgh and Greenfield. You can follow that same procedure wherever that code number appears in any of these pages 23 to 36, inclusive, and you will find that where that particular carrier, which is referred to on page 10, will be found to be the Adley Express Company, and that same procedure could be fol-

lowed throughout. That is the only way that I would know as to how you could get that information.

Q. Then, there is no quick method by which we can determine the total routing of any one of these listed carriers?

878 A. Not from this exhibit.

Mr. MACDONALD. In view of that fact, Mr. Examiner, we would like to reserve the right to object to this exhibit until we have had further time to study it; and if it is possible for the applicant to question the witness without having the exhibit formally admitted, we will agree to that.

Exam. BAKER. I think you should complete your examination of the witness at this time, Mr. Macdonald. We have adjourned this hearing for two weeks now, and we cannot expect the applicant to keep bringing these witnesses back here. How long would you want to examine it?

Mr. MACDONALD. I think we would be able to state our position on it tomorrow morning.

Mr. JOSELOFF. Mr. Examiner, may I make this remark? We have established that this exhibit was prepared under the direction and charge of this witness. He has stated that the information is gathered from the compliance orders, certificates and recommended orders of the Commission. Now it strikes me that the remarks of counsel are directed more to the weight of the exhibit than to its admissibility. We have the man here who made the analysis and who made the examination, and he has explained the sources of his material. It is his exhibit, and I certainly think it could be at this time considered a regular exhibit of the applicant, and then if counsel requires further questions or further
879 examination on it, it would go to the weight of it rather than the admissibility.

Mr. MACDONALD. Mr. Examiner, referring to Applicant's Exhibits Nos. 2, 3, and 4, which were admitted into the testimony, and one of which was admitted into testimony over our objection, the mere existence of further evidence on the part of the applicant as to the competitive situation is a more or less tacit admission that those original exhibits were not adequate. We did not have opportunity to examine the first two of those, and, consequently, we were not able to determine that they were not of probative value until the third of the exhibits was offered.

In this case, the same procedure is being started. This exhibit certainly has some bearing on the transportation and motor truck industry in the area to which it is pertinent, but the weight of it is the whole issue in this matter, because, unless it goes to the weight of the importance of each particular carrier, it is no picture at all, because a \$100,000 carrier is given the same importance as a \$2,000,000 carrier. In our view of the matter, there should be some

analysis of this situation, and that analysis is important in determining the admissibility, and not merely the weight, of the exhibit.

Exam. BAKER. Mr. Macdonald, I believe Mr. Joseloff's observation is that your objection is directed only to the weight of the exhibit, that the exhibit is competent evidence, and it will be received in evidence.

880 Mr. MACDONALD. I take an exception.

Exam. BAKER. Exhibit No. 6 will be received in evidence.

Mr. MACDONALD. Note the exception, please.

Exam. BAKER. Yes.

(Exhibit No. 6, Witness Howell, received in evidence.)

Exam. BAKER. Is there any further cross-examination?

Mr. MILLER. I believe I have one or two questions.

By Mr. MILLER:

Q. Mr. Howell, McCarthy does not serve New York.

A. By that, you mean New York City?

Q. New York City.

A. That is correct. They do not.

Q. Consolidated, however, does.

A. Yes, sir.

Q. But this exhibit does not attempt to show the carriers operating from New York City to the points served by the unified operations of McCarthy and Consolidated; is that true?

A. So far as from, to, or between New York City itself and other points, that is true. It may be well to explain that there will be other exhibits of a similar nature that will follow, and various carriers participating in this hearing have divided up the entire territory covered by the combine operation to arrive at some

881 kind of an order in presenting this testimony, showing competition which exists, and that part of the work which I assumed was, as I explained, north and east of Bridgeport, Conn. The Consolidated Motor Lines, I believe, for example, will cover the routes from Bridgeport to New York, Bridgeport to Philadelphia, and likewise the overhead routes, such as from other New England territory points into New York, such as Boston to New York, Boston to Philadelphia, Springfield to Philadelphia, and such points.

Q. Do you know of any one carrier in the New York-Massachusetts-Connecticut-Rhode Island territory having as extensive a coverage as Consolidated and McCarthy combined?

A. Yes. It is my opinion that there are one or two or three other carriers who have just as extensive rights.

Q. Could you name those carriers?

A. I would say Adley Express Company and Consolidated Motor Lines, and from a mileage standpoint I believe Hemingway

Brothers, Interstate Trucking Company probably have even greater mileage than Consolidated and McCarthy.

Mr. JOSELOFF. Does the New England Transportation Company cover the same extent?

The WITNESS. Yes; I believe I named the New England Transportation Company. If I did not, I certainly should.

By Mr. MILLER:

Q. Now, you said the information on which your exhibit 882 was based was secured from compliance orders, certificates, and recommended reports.

A. Yes, sir.

Q. The exhibit does not, in fact, represent the carrier competition that you are now experiencing in your operation, actually, but rather potential competition; is that true?

A. No; I won't agree that it is potential competition. I would say it is very real competition.

Q. Well, let us take one carrier now, carrier No. 730, J. J. Sullivan, The Mover, Inc. Do you have any actual knowledge of his competition?

A. To some points. I certainly do not know of my own personal knowledge every little point that he operates to.

Q. He would be a minor competitor; would he not?

A. Only minor in the sense of the territory covered is not too extensive. I would very definitely take exception to any intimation that a small carrier between the points he covers is not real competition. As a matter of fact, we find more real competition with him than with the larger operator. I can give many instances of that, of more personalized service, and it is very difficult for the larger operator to compete with such types of operation.

Q. Would you say that a small carrier rendering personalized service does have a definite picture in the industry?

A. I certainly feel that they have, and always will have.

Q. Do you believe that this unification will, to a certain 883 extent, eliminate a certain amount of personalized service?

A. Not under the plans as I understand them; no, sir.

Mr. MILLER. That is all.

Mr. MACDONALD. I have a further question, Mr. Examiner.

By Mr. MACDONALD:

Q. Mr. Howell, the compliance certificates and orders which you examined cover what dates generally?

A. Well, everything that was issued up to approximately six months ago.

Q. How far back do those dates go?

A. I honestly cannot tell when the first order was issued by the Commission—some time after 1935. I actually don't know.

Q. Then, the information which you have as to at least some of these carriers is at least five or six years old.

A. Yes; but I do not see that that lessens the weight of it at all. The certificate stands and may be in effect a hundred years from now, and it might be the same as it is today.

Q. The certificate does, but is it not possible that the operation, in order to be carried along, or at least to the extent to which it is granted in the certificate—

A. Quite true, but I believe the Act provides that any carrier that is authorized to serve certain routes is supposed to continue their serving such routes, unless he receives definite permission from the Interstate Commerce Commission to cease operating on such route. Therefore, we naturally assume, and I think it is quite proper to assume, that a carrier operating a route between two points is definitely serving all the points which he is required to by law.

Q. Do you know of your own knowledge that each one of those carriers listed here is serving the route that his certificate covers?

A. No man can say that to his personal knowledge.

Q. You depend on the certificate for your information?

A. To a great extent.

Q. Were some of these carriers irregular route operators?

A. In no instance have we used an irregular route operator, to my knowledge.

Q. Do you know of your own knowledge, or the knowledge of those who helped you in the preparation of this exhibit, that each of these carriers does operate as a general commodities carrier?

A. Only to the extent that their certificates or orders so read. I naturally assume that that is what they do.

Q. Do you know to be a fact that actually a great many carriers have been given rights to specialize in limited commodities?

A. No; I do not believe that is true—not from my experience with operators in New England.

Q. Are there not many operators from Paterson, N. J., and other textile areas operating into New England, which are textile carriers only?

885 A. A large part of the business might be textile, certainly. That is quite logical.

Q. As to general package freight which originates in the New England area and exchanged with other carriers, they would not be interested; would they?

A. Oh, I can't say. Oh, do you mean all carriers operating between Paterson and New England?

Q. I am speaking of that group concerned mainly in carrying textiles.

A. If we are considering any particular group interested in mainly carrying textiles, I presume then such carriers are not interested in the general commodities to any extent, but that does not mean that there are not other carriers that are interested in general commodities.

Q. You agree that there may be such carriers carrying limited commodities, in your exhibit?

A. I would agree with you this far, that there may be some carriers listed in this exhibit that have a fairly high percent of one particular commodity. Yes, it is quite possible, and yet they still might carry commodities generally.

Mr. MACDONALD: That is all.

Exam. BAKER. Is there any further cross-examination?

By Mr. OTT:

Q. Mr. Howell, will you refer to page 10 of your exhibit?

886 A. Yes, sir.

Q. The carrier following, shown opposite 1019, Louis J. Gardella, Inc. Is the number in front of that correct?

A. 1019?

Q. The following carrier, Louis J. Gardella, Inc.

A. In my exhibit opposite 1019 is Gablemann's Express.

Q. Following No. 1019?

A. Oh.

Q. Is that the correct number.

A. 1012. Well, I don't know what you mean, Mr. Ott. I have nothing here to check whether it is or not. I have not the actual work papers.

Q. That is a duplication of the number shown opposite Adley Express.

A. Well, in that case it is quite possible, Mr. Ott, that it is a duplication of the tariff in the Bureau, and it is possible that there should be a letter "a" after that; but, unfortunately, I can't check it for you right here. I will be glad to do so for you later, but I have not got the work sheets.

Q. From this position, should not that be 1020?

A. Yes. Referring to page 3, I believe it is indicated that the carrier is No. 1020 instead of 1012, and the exhibit should be corrected to show that.

887 Q. Using for purposes of illustration, page 15 of your exhibit, at the bottom of the page, Springfield and Worcester, 47 carriers shown on map B, I believe you answered previously as to the effect that you had no personal knowledge

that all of these 47 carriers, or any other number of carriers between two certificate points are actually operating today; is that right?

The WITNESS. Will you read the question, please, Mr. Reporter. (Question read.)

A. I could not answer from my own personal knowledge that altogether 47 are operating between two points, Mr. Ott. I could name a large number.

Q. Did you or those who made or may have worked on this exhibit make any attempt to check the actual number?

A. Not under the certificates and compliance orders of the Commission.

Mr. OTT. That is all.

By Mr. Fagg:

Q. Mr. Howell, turn to page 11 of Exhibit 6, where you show the total number of competing carriers by routes. Is that the competition which includes the services of Consolidated Motor Lines?

A. No, sir. This entire exhibit excludes both McCarthy and Consolidated Motor Lines.

Q. I see on page 19 of the exhibit, "McCarthy Express." 888 That has no connection with you?

A. None whatsoever.

Q. On your Exhibit No. 6, map A, you testified on direct that there were operating between Providence and Boston 78 lines, and in answer to counsel you said 78 lines, being such carriers as you have referred to. Does that mean contract, common carrier, or private carrier?

A. No, sir; those 78 carriers are 78 carriers, common carriers of commodities generally—general commodities over regular routes.

Q. Now, as a typical illustration of that, can you state what is the contract carrier competition, if any, between Providence and Boston?

A. I am not familiar with the names of any contract carriers. I could refer you to certain specific commodities on which I know there exists contract carrier competition.

Q. Would you start out, in answering that question, by designating the approximate number of contract carriers operating between Boston and Providence, if there are any?

A. There are some very definitely, but I would not attempt to state any number, Mr. Fagg, because it would be only a guess.

Q. You would not say that there were at least 25, or 10?

A. I don't believe there are as many as 25.

Q. Now, may I direct your attention to map B of Exhibit 6, showing 58 common carriers. As I understand your statement, they are operating between Bridgeport, Conn., and

Hartford. Does that include interstate carriers or intrastate carriers, or both?

A. I believe—you referred to them as 58—I believe this map shows 54.

Q. Fifty-four.

A. These are only such carriers who have interstate operating rights under certificates or compliance orders granted by the Interstate Commerce Commission. In no instance have we shown just intrastate rights accorded any carriers through their own State regulatory bodies.

Q. Are we to understand that the services and operations of strictly intrastate carriers are not shown on Exhibit No. 6?

A. That is correct.

Q. Again referring to the operation of 54 carriers from Bridgeport to Hartford, I note on map A that you show a series of local operations from Bridgeport to New Haven, and New Haven to Hartford; namely, 71 from Bridgeport to New Haven, and 45 from New Haven to Hartford. Is that number of services in addition to the 54 operating from Bridgeport to Hartford on map B?

A. No; it is not in addition. In other words, the 54 carriers would logically be included in the 74 shown between Bridgeport and New Haven.

Mr. Fagg. That is all. Thank you.

890 Mr. JOSELOFF. Just a couple of further questions, Mr. Howell.

Redirect examination by Mr. JOSELOFF:

Q. In answer to Mr. Miller's question as to large-sized companies comparable to McCarthy or Consolidated operating in the New England territory, I ask you whether or not the Seaboard Freight Line is such a company and does operate extensively in that territory.

A. Yes, sir; we have named Seaboard Freight Lines in that list.

Q. In answer to Mr. Fagg's question as to the number of contract carriers between Providence and Boston, you said you could not estimate them as 25. Could you safely say, based on your knowledge and experience, that at least 15 such contract carriers exist?

A. Yes; it is my belief and opinion that there are somewhere between 15 and 25 contract carriers' operations between those two points.

Mr. Fagg. Mr. Counsel, when you asked the witness about the Seaboard, did the witness use the Seaboard Transportation or Keeshin Transportation in the list of competing carriers shown on Exhibit 6?

Mr. JOSELOFF. Yes. You might ask the witness that question.

The WITNESS. The Seaboard is included in this exhibit as 891 a competing carrier.

Mr. FAGG. Where?

The WITNESS. At least, it is supposed to be.

Exam. BAKER. Seaboard Freight Lines.

The WITNESS. On page 6 will be found Seaboard Freight Lines, Inc., No. 1058.

Mr. FAGG. I find it now, 1058 on page 10.

The WITNESS. That is correct.

By Mr. JOSELOFF:

Q. In answering a further question as to whether or not this exhibit 6, Mr. Howell, contains carriers who specialize in specific commodities, but nevertheless do carry general commodities, and have general commodity rights, you stated, I believe, that there are some such carriers that do so. I ask you whether or not that is a very minor portion or a substantial portion.

A. It is a substantial portion of that particular traffic, and which they have a right to serve.

Q. But in comparison to all of the carriers you have listed here, would that be so?

A. It is very minor.

Q. Could you translate that percentagewise, if possible?

A. I would not even think it would be one percent of the total tonnage involved.

Q. Now, questions were asked you as to your personal 892 knowledge of the number of carriers operating between specific points. I believe Mr. Fagg asked you whether or not you knew of your own personal knowledge that there were. I think, 47 carriers operating between Springfield and Worcester, we will say. I believe that was the question, and while you stated that you do not know of your own personal knowledge all of them, I ask you whether or not, from your many years of experience in traffic work in connection with the McCarthy Freight System and in New England, and from your many years of experience at traffic meetings, and in traveling in and about this territory, and from your many years of experience in connection with sales and with motor problems generally, you can say that you do know, of your own knowledge, that a substantial portion of these carriers do operate?

A. Yes; very definitely. I, of course, could name any number from my own personal knowledge that operate between points on the highway, but my answer was that I could not identify the entire 47, and I do not believe anybody could. The only way

you could possibly do it—would be to actually see the operation of every one of these carriers.

Q. Is it your opinion that this exhibit represents a more complete picture, for the reason that it is based on the information in the Commission's files, than a mere oral statement or general statement of your own personal knowledge?

893 A. I certainly feel it does. I feel that the basis of this type of exhibit, the source of it, is the best and soundest that is available, much more so than just my own opinion whether a certain carrier operates between Boston and Pittsburgh or any other point.

Mr. Fagg. Your reference is entirely to interstate operators, Mr. Joseloff?

Mr. JOSELOFF. Entirely to interstate operators, Mr. Fagg.

Exam. BAKER. Are there any further questions of this witness?

Mr. MILLER. I have one more question.

Re-cross-examination by Mr. MILLER:

Q. Mr. Howell, what carrier would you say is McCarthy's principal competitor?

A. We have so many that I do not believe I could say that there is any one principal competitor.

Q. I believe you did state that McCarthy and Consolidated would extend their operations over each other's routes.

A. Yes; generally speaking, we have about the same operating rights, except in New York City, and beyond that they have more extensive rights in New York State.

Q. The competition between your lines is rather keen, is it not?

A. Oh, certainly. It is rather keen, the same as it is with a half a dozen others, Adley, New England Transportation,
894 Seaboard—

Q. Would you say Consolidated is the largest of your competitors?

A. No; I cannot say honestly that that is true.

Mr. MILLER. That is all.

Mr. MACDONALD. Mr. Examiner, I have one more question.

By Mr. MACDONALD:

Q. Mr. Howell, would you, for the record, indicate your opinion of Mr. McCarthy's statement as to the importance of Consolidated as a competitor of yours?

A. I don't believe I heard Mr. McCarthy's opinion.

Mr. JOSELOFF. Before you answer that, Mr. Howell, I was going to say that I do not believe the witness would be qualified

to answer that question. I think it is beyond the scope of his examination. The witness was not here, and I cannot see its relevancy.

Mr. MACDONALD. Was he not qualified to answer as to McCarthy?

Exam. BAKER. I do not see the pertinency of the question. The objection is sustained.

Mr. SULLIVAN. If he did, he might be fired.

Mr. MACDONALD. I did not hear you, Mr. Examiner.

Exam. BAKER. I say the objection is sustained.

Mr. MACDONALD. That is all.

Exam. BAKER. The witness is excused.

The Witness. Thank you.

893 (Witness excused.)

Exam. BAKER. Do you have another witness, Mr. Sullivan?

Mr. SULLIVAN. Mr. Examiner, I am going to put Mr. Reicher on the stand, but I would suggest, if we are going to take the morning recess, it should be done before he goes on as an accounting witness, rather than to break into his examination a few minutes after he starts, although it does not make any difference to us.

Exam. BAKER. That probably would be preferable. We will take a recess.

(There was a short recess taken.)

Exam. BAKER. Come to order. You may proceed, Mr. Sullivan.

Mr. SULLIVAN. At this time, Mr. Examiner, I want to carry out an obligation that I assumed last week, or two weeks ago, and that was to furnish a copy of these papers relating to the Arrow-Transport deal.

So, in accordance with what I recollect of your instructions in the matter, I have procured a copy for the record of the original contract. Other people were not interested, as I remember it, in the agreement at the time. I do, however, have the things that they are interested in, and we have photostats to supply everybody. That is the list of extension agreements and the contract for the purchase of the Arrow stock by the old Transport Company.

896 Exam. BAKER. The original contract was incorporated by reference.

Mr. SULLIVAN. Yes.

Exam. BAKER. So it will not be necessary to incorporate it physically here. If you will pass up the others, I will have them marked for identification.

Mr. SULLIVAN. For identification or in evidence?

Exam. BAKER. Well, first, for identification.

Mr. SULLIVAN. I have not any witness to put on with respect to them.

Exam. BAKER. Would you let me see them?

Mr. SULLIVAN. I forget what the arrangement was. I thought at that time he had testified to that, Mr. Arnold had. I am going to leave them in groups, if you do not mind, so that I can distribute them.

Exam. BAKER. Yes.

Mr. SULLIVAN. And here is the letter.

Exam. BAKER. Off the record.

(Discussion off the record.)

Exam. BAKER. Back on the record.

The following documents will be marked for identification: "Copy of a letter dated April 7, 1941, addressed to the Transport Company, New York, N. Y., will be marked for identification as "Applicant's Exhibit No. 7."

(Exhibit No. 7 was marked for identification.)

897 Exam. BAKER. The agreement between the Transport Company, John E. Ackerman, and others, dated September 23, 1940, will be marked as "Applicant's Exhibit No. 8," for identification.

(Exhibit No. 8 was marked for identification.)

Exam. BAKER. The document entitled "Lease," which is dated September 24, 1940, and executed by Arrow Carrier Corporation and the Transport Company, will be marked as "Applicant's Exhibit No. 9," for identification.

(Exhibit No. 9 was marked for identification.)

Exam. BAKER. And the document entitled "Agreement Amending Lease," dated April 9, 1941, will be marked as "Applicant's Exhibit No. 10," for identification.

(Exhibit No. 10 was marked for identification.)

Exam. BAKER. Do intervenors have any objection to the introduction of these documents into evidence? They are furnished according to a request made of the witness Arnold, when he was on the stand.

Mr. WIPRUD. No, sir.

Exam. BAKER. Applicant's Exhibits 7 to 10, both inclusive, will be received in evidence.

(Exhibits Nos. 7 to 10, inclusive, were received in evidence.)

Exam. BAKER. Let us proceed, Mr. Sullivan.

Mr. SULLIVAN. All right.

I will call Mr. Reicher.

898 HARRY J. REICHER, being first duly sworn, testified as follows:

Direct examination by Mr. SULLIVAN:

Q. What is your name, please?

A. Harry J. Reicher.

Q. And your residence?

A. West End, N. J.

Q. What is your business, Mr. Reicher?

A. I am a certified public accountant, with offices at the Empire State Building, New York City.

Q. Mr. Reicher, in what institution or institutions did you study accounting?

A. I studied accounting at New York University, and studied law at the New York Law School.

Q. Have you a degree in accounting?

A. Yes, sir.

Q. And have you a degree in law?

A. Yes, sir.

Q. You have been a certified public accountant for how long?

A. I have been certified for approximately fifteen or sixteen years.

Q. Are you a member of some firm?

A. Yes, sir; firm of Harry J. Reicher Company.

Q. Now, with respect to Harry J. Reicher Company, are you an officer of that company?

899 A. Yes, sir.

Q. What?

A. I am senior partner.

Q. Does that firm maintain a staff of accountants?

A. Yes, sir.

Q. How many accountants?

A. Well, it varies from approximately sixteen to forty.

Q. Depending upon the time of the year and how busy you are?

A. Yes, sir.

Q. Mr. Reicher, in the course of your accounting business experience, have you had occasion to examine and deal with the accounts of various sorts of enterprises and businesses?

A. Yes, sir.

Q. In your official capacity?

A. Yes, sir.

Q. And would you indicate to us some of the types of businesses which you have had occasion to deal with?

A. Well, we have examined department stores, foundries, banks, insurance companies, trucking companies, truck rental companies,

parcel delivery companies, various types of manufacturing companies. I guess it is rather a general list of companies.

Q. Are you also a practitioner before the Treasury Department?

A. Yes, sir.

Q. And you do tax work as well as general accounting work?

A. Yes, sir.

900 Q. So that you are familiar with the rules and regulations of the Treasury Department with respect to taxes?

A. Yes, sir.

Q. Are you familiar with the rules and regulations prescribed by the Interstate Commerce Commission with reference to keeping of accounts?

A. Yes, sir.

Q. And you have dealt with those rules for some period of time?

A. Yes, sir.

Q. Mr. Reicher, during the year 1940, did you have occasion to audit the books of a number of trucking companies in connection with the proposed acquisition by a corporation known as the Transport Company, of certain trucking companies?

A. Yes, sir.

Q. How many, approximately, trucking companies' books did you audit at that time?

A. There were approximately twenty-eight or thirty trucking companies and ten or twelve affiliated companies.

Q. For the record, Mr. Reicher, some exhibits were presented by you and testimony was given before the Interstate Commerce Commission with respect to those audits in the case MC-F-1223, 1244, and 1264; were there not?

A. Yes, sir.

901 Q. Now, Mr. Reicher, were you employed, or was your firm employed, to audit the books of the companies involved in this application?

A. Yes, sir.

Q. And by whom were you employed?

A. Employed by the directors of the Associated Transport.

Q. Approximately when was that?

A. That was approximately the middle of June 1941.

Q. Were you given some instructions at the time of your employment?

A. My instructions were generally contained in a contract executed by the general companies, and our assignment consisted primarily of ascertaining the correct net profits for the 12 months ending April 30, 1941; determining the net worth of the companies at April 30, 1941, and determining the amount of preferred

and common stock to be distributed among the stockholders of the various companies.

Q. The contracts to which you refer, and in which are your principal instructions contained, are the contracts referred to in the application in this case, namely, the contracts described herein as Exhibit C-1 in the Form 45 application and Exhibit C-2; is that correct?

A. That is correct.

Mr. SULLIVAN. I beg your pardon. Change the record—C-1-A

Exam. BAKER. Off the record.

(Discussion off the record.)

902

Exam. BAKER. Back on the record.

By Mr. SULLIVAN:

Q. Well, C-1 and C-1-A, B, et cetera, in the application; is that right?

A. I really don't know the numbers.

Q. You familiarized yourself with the contract; did you?

A. Yes, sir.

Q. With respect to that contract, was there made available, in construing it, the services of an attorney?

A. Yes; sir.

Q. Who was that attorney?

A. Mr. David Benetar, of the firm of Nordlinger, Riegelman & Cooper.

Q. Was that firm retained by the directors of Associated Transport for the purpose of having an independent attorney, one not associated with any of the trucking companies, pass on the interpretation of such matters?

Mr. WITKUD. Just a minute. I object.

Exam. BAKER. I see no objection to a preliminary matter such as this. You may answer.

A. That is correct, sir.

By Mr. SULLIVAN:

Q. Pursuant to your instructions, Mr. Reicher, as given to you, and as contained in the contract, and which you have generally described, what did you do next?

903

A. We prepared an audit program, consisting of about 20 pages, which outlined in detail the various steps to be taken by all of our men in making their respective examinations.

To begin with, our job necessarily involved two audits. First, we had to examine the balance sheets of the various companies at May 1, 1940, to ascertain whether the conditions as reflected at that time by the companies' books—that is, the condition as reflected at that time by the companies' books was correct. Then we had to

examine the balance sheet as of April 30, 1941, to ascertain the accuracy of the balance sheet at that date.

Arriving at two correct balance sheets, the beginning and the end of the particular 12 months that were examined, we then knew that we would arrive at a correct profit or loss for the 12 months' period. More particularly in examining both ends of the balance sheet, we took steps; and I will try to be just as brief as possible in outlining them.

Q. At the same time, I want you to go into some detail with respect to at least some of them, so that the methods you followed will be clear to all of us.

A. Yes, sir; I will discuss this in order of the balance sheet as outlined by the Commission. First, as to the cash, to ascertain the accuracy of the cash, we confirmed the bank balance, reconciled the bank statements with the companies' books, and in our confirmations we requested the banks to advise us what the balances were, whether there were any moneys due, and if there were whether there was any security pledged for same.

In examining the cash, we incidentally examined the May and June receipts and disbursements, both in 1940 and 1941, to detect whether any payments were made, either in May or June 1941, which were applicable to the current 12 months with which we were concerned, whether any payments were made during May and June 1940, to detect whether the companies received any funds representing income applicable to a prior year.

In the course of that examination, we also looked for any expenses that might have been recorded within the 12 months, April 30, 1940, to April 30, 1941, and if there were any we would eliminate those expenses and allocate to the prior year. That type of examination was made with respect to all of the accounts and with all the books that we examined.

With respect to working funds we confirmed—at least, we circularized the various custodians of the working fund to ascertain whether their working funds were in cash or in expenses. When they were in expenses, we eliminated the expenses from the working funds and charged the expenses against their respective accounts, and, incidentally, so stated the working funds correctly.

There, too, we examined the May and June 1940 and 1941 vouchers. Special deposits were confirmed by circularizing the various utility companies, and in several cases we discovered that some of the deposits were no longer in existence, or perhaps used up in the form of bills. Those were adjusted and written off.

Now, with respect to such items as notes receivable, wherever the notes were still available and unpaid, we examined the notes.

If there were notes which appeared to be bad, they were written off. We circularized the drawers or makers of the notes, and wherever they were not in agreement with the documentary evidence that we had, we adjusted the notes.

Receivables from the associated companies were circularized and, wherever possible, we examined the books of the associated companies to see whether what appeared to be a receivable of one company was payable on the books of the other company.

Now, with respect to accounts receivable of those companies which maintained accounts-receivable ledgers, the job presented no particular problem. We were able to examine the April 30, 1940, and April 30, 1941, schedules of accounts receivable and checked them to make sure that the company actually had those accounts receivable at that date. However, where the F. B. Pow-

906 ers of Remington-Rand systems may have been employed, we secured tapes of the open accounts as of the date of the examination.

Say that we were making an examination in July of April 30th. We would have secured a tape as of July 10th, let us say. Then we had to prove the figures as of April 30th by working the July 10th figures back to April 30th, and the process of doing that was by eliminating from these July 10th figures the receipts and shipments made between April 30th and July 10th. In that way we proved that the accounts receivable as of April 30th were correct.

All accounts that were in amounts exceeding \$200 were circularized. We then prepared schedules of the unpaid April 30th items, as of July 10th; so that if any account receivable dated April 30th was unpaid on July 10th, we had a schedule of it. From that schedule we were able to determine the validity or the collective validity of the various accounts. The accounts that were bad were written off to the reserve funds, collectible accounts.

In connection with the interline accounts, we examined both ends—that is, April 30, 1940, and April 30, 1941—to see whether proper prorations were made, setting up the correct interline account payable and reducing the revenue at both ends, or perhaps increasing the revenue, the effect being that if the company failed to make a correct proration at April 30, 1940, there was a possibility that they paid interline carrier charges which were applicable to the prior period. We would, of course, reverse that, giving effect to the correct result; and, on the other hand, if the company failed to make a correct proration at April 30, 1941, we would determine the correct liabilities as of that date by examination of the interline statements and give effect to the

correct amount of revenue to be transferred out of the current 12 months and into the succeeding year.

We also examined into overcharges or claims; and set up the adjustments for those. Incidentally, I might add that the result of the various adjustments in each company varied anywhere from perhaps 80 to 150 in number.

Q. Explain more what you mean by that, Mr. Reicher.

A. Well, in order to correctly give effect to the profit or loss for the 12 months we had, as I previously explained, to examine the accounts at April 30, 1940, and again at April 30, 1941. The cost for the adjustments as we observed it was essentially due to the fact that on April 30 that was the closing date of these companies, and they were not too concerned about any differences that might exist at that particular date; that is, no important differences, perhaps, of treatment, but with respect to the contract adjustments, it gave effect to a great number of adjustments, because under the contract the reserve fund for uncollectible revenue had to be treated in a way entirely different from anything practiced by the companies, apparently.

The treatment of prepaid tires and depreciation was entirely different from anything the companies previously indulged in. The depreciation adjustments in this contract were intended to equalize depreciation cost among all the companies so as to give effect and equalize book value for all equipment of all the companies, though in the past these companies were not too much concerned about what the book value was of their competing lines, or what the other carriers were doing. I trust that with that explanation it is—

Q. But what I had further in mind was that you mentioned that you had to make a certain number of adjustments with each one. There were adjustments as a result of those things which you have just described.

A. Yes.

Q. The adjustments are either upwards or downwards, as the case might be.

A. Oh, yes.

Q. But they were numerous, as you described them, with respect to each company.

A. That is correct.

Q. Proceed now.

A. Now, with respect to materials and supplies, that gave us a particularly difficult problem because, while the companies took inventories at April 30, 1941, they did not take inventories at April 30, 1940, primarily, I suppose, for the reason that they had cause for taking an inventory at April 30,

1941. It is not customary to take an inventory every month. So the way we proceeded to determine the correct disposition of any difference in inventories at April 30, 1941, was as follows:

We would first examine the inventory submitted to us. Test checks were made to observe whether the prices were substantially correct. We then test checked the parts on hand in the main terminal by actually going into the different departments and requesting certain items, and where they were no longer in existence we would secure explanations.

Q. Excuse me. May I interrupt you here?

A. Yes, sir.

Q. When you requested "certain items, from what source did you determine to request an item?

A. Our requests were made from the inventory sheets that were had, and our test was further along the lines that we would look for items which were the most costly. It would be impossible for us to make a test of lock nuts or bolts, or things of that kind; but, on the other hand, it was very simple for us to take motors, transmissions, springs, and items of that kind.

910 Satisfying ourselves that the inventory submitted was reasonably correct, we would then compare that inventory with the inventory reflected on the company's books, and assuming that the inventory on the books was \$50,000, and the inventory in accordance with our schedule was \$60,000, or an increase of \$10,000, the question then presented itself was whether this \$10,000 reflects an additional profit for the 12 months, or whether the \$10,000 arises out of inconsistencies or inaccurate handling of the inventory accounts over a period of years prior to the current year.

I indicated previously that some of the companies had taken inventories on April 30, 1940. Well, in one of the cases, the case of the Horton Motor Lines, there was a difference of, I believe, about nine or ten thousand dollars—a difference downward of nine or ten thousand dollars. That is, the inventory was less than the inventory reflected by the company's books.

Q. That is, the physical inventory?

A. The physical inventory was less than the inventory reflected by the company's books. Well, our task there was to determine whether that nine or ten thousand dollars should be charged against the current year or charged to prior years; or, stating it accountingwise, charged to surplus account.

We discovered that the previous inventory taken by the
911 company was on March 31, 1940, and by examination of that inventory we found that the inventory was taken on approximately the same basis as the inventory of April 30, 1941.

Consequently, we arrived at two correct points, one being March 31, 1940, and the other April 30, 1941, and therefore decided that this difference of nine or ten thousand dollars was allocable to the period between March 31, 1940, and April 30, 1941. We accordingly charged twelve-thirtieths of this nine or ten thousand dollars to the current year.

Q. That had the effect of doing what?

A. The effect of it was to reduce the company's profit by that amount.

Q. And, in turn, it had an effect on the distribution of the common stock that they proposed?

A. In effect, it reduced the preferred stock which the stockholders of the Horton Motor Lines will receive, and it reduced the common stock which the stockholders of the Horton Motor Lines will receive.

To illustrate the point once more, in the case of Barnwell Brothers, we found that there was a difference, if my memory serves me correctly, or \$12,000 in the inventories. We found that the last inventory taken preceding April 30, 1941, was on September 30, 1940, and we employed a little different formula in our trying to arrive at the correct result. There we determined the parts expense between October 1, 1940, and April 30, 1941, took a percentage of that parts expense to the revenue for the period and applied that percentage against the revenue for the missing months of May 1, 1940, to September 30, 1940. That gave us the missing period and we adjusted our inventories along those lines.

Incidentally, in the examination of the inventories, we were concerned with parts, tires, tubes, stationery, including way bills, bills of lading, chains, et cetera.

Q. Tire chains?

A. Tire chains. We were particularly careful to limit the inventory of rebuilt parts to 50 percent of their original cost. Obsolete material was eliminated. We secured certificates from the parts department clerks to that effect. We only inventoried new chains and eliminated old chains.

We, of course, examined the inventories to be sure that they did include such items as shop equipment, furniture. We have found in other instances that some of the companies made a mistake when they took inventories to include such items. We prepared schedules of purchases for the 12 months ending April 30, 1940, and the 12 months ending April 30, 1941, to further test any increase in the inventory, and through these schedules we can see whether the purchases were particularly heavy in the latter part of April 1941, as compared to the latter part of April.

1940. If the purchases are heavy, there would be a
913 justification for an increase in the inventory.

Q. You simply mean that because the purchases were heavy you would not increase the inventory?

A. No; it was a simple matter to check.

Q. That is what I mean.

A. It was helpful, in conjunction with all of the other things that we have done. In connection with structures, such as buildings and the like, we examined into the various accounts for the years 1939 and 1940, to be sure that anything that was charged to those accounts were proper charges, and that items that did not belong in there were not capitalized.

Now, with respect to the revenue equipment, we prepared detailed schedules of all of the equipment owned by the companies at April 30, 1941, and during the year 1940. That was merely to include equipment sold during the year, which did not appear in the company's assets at April 30, 1941. These schedules were prepared on sheets with about 20 columns, and we started with the date of acquisition, be it 1929 or 1930 or 1935 or 1936, and in the next column we would show any additions made to that equipment by the company, or as reflected by the company's records.

We would then show the company's depreciation on the equipment up to April 30, 1940. We would then show the depreciation taken by the company for the year ending April 30, 1941.

914 We would then get the total equipment. We would then get the total reserve for depreciation as of April 30, 1941.

Provision was also made in this schedule, through our own computation of depreciation, based on the rate stipulated in the contract, so that after we applied the rates we had the correct depreciation from the time of the inception of the particular vehicle to April 30, 1940. We then computed the depreciation for the year April 30, 1941, and we had the reserve by adding the depreciation for the 12 months ending April 30, 1941 to the accumulated reserve at April 30, 1940. Then we had the reserve at April 30, 1941.

As I say, this procedure was followed for each vehicle, and in a final summation we arrived at a total depreciation taken by the company up to April 30, 1941, which, when compared with our depreciation based on the contract rates, reflected by the depreciation taken by the company and reported by us, or as reflected by us. An entry would be made of that difference, debiting or crediting the reserve for depreciation account, and likewise affecting the surplus account; so we found that if the company had taken more depreciation during the period prior to April 30, 1940, than the contract provided for we would increase the company's book value to that extent and also increase the surplus

account, without affecting the profit or loss for the current period.

Now, for the difference between the depreciation taken
915 by the company for the 12 months ending April 30, 1941,
and as computed under the provisions of the contract, we
would make an entry reducing or increasing the company's de-
preciation, which, incidentally, affected its profit or loss for the
period—that is, for the 12 months.

The contract provided that the companies were not to capitalize
any rebuilding during the ownership of the equipment unless the
book value of the equipment was less than 80 percent of its original
cost, and they were permitted to recapitalize the building costs
if the book values were less than 20 percent of the cost.

We prepared a schedule, or at least on the schedule I described
before, we indicated the items which were capitalized, and in
selecting the items to be capitalized we examined the various
repair orders and inquired into the nature of the repairs.

The contracts also provided that if any work was done on
equipment in connection with getting it ready for service, it
could be capitalized. Our examination included that kind of
work, to be sure that we equalized the operations of all the com-
panies, and that the treatment was the same in every instance.

In order to satisfy ourselves that the company really owned,
or at least that the company really had possession of equipment
which we listed on our schedules, we test checked the sched-
916 ular against insurance records and also against drivers' trip
cards. That was a twofold job. It resulted in indicating
the company's operating equipment as of April 30, 1941, and
also, in many instances, or in several instances, at least, it de-
veloped that the companies were using equipment which did not
belong to them, and on investigation we found that it was hired
trucks, and in that way assisted us in determining whether the
liability was on the company's books for those hired trucks.

We made tests with license plates, and satisfied ourselves that
the companies owned all of the equipment that we listed on all our
schedules. We found a particularly difficult problem with respect
to units acquired through the acquisition of other companies or
purchases as second hand or used equipment. There we were con-
fronted with the rate of depreciation that we were to apply against
used equipment. Naturally, the rate to be applied against used
equipment should be higher than the rate applied against new
equipment, and just to indicate some of the problems that presented
themselves, we first went off on what I considered was the wrong
foot.

Again, in the case of Horton Motor Lines, we proceeded on this theory, that a company buying a used truck is virtually in the same position as a company which purchases a new one, and their operating cost should be charged the same amount as depreciation, and for the same period of time that a new vehicle would be depreciated over, and to illustrate that point Horton acquired some units through its acquisition of Poole, and we proceeded to this: We said, "This one truck cost \$3,000 when new," and the equipment—

Q. Excuse me. Let me interrupt you, without getting you off the track. What did you find out as to whether it cost \$3,000 when it was new?

A. We made inquiry of the respective manufacturers or dealers in the particular vehicles, or wherever possible we would refer to such records of the selling company, if they were available.

We then proceeded to report this piece of equipment on the company's books at its cost, say, \$3,000. Under the contract rates, we determined that the rate of depreciation should be 20 percent per annum. Assuming that the vehicle was 3 years' old, we would have taken 60 percent depreciation. Theoretically, we would have been set up \$1,800 for reserve depreciation, and further assuming that only \$500 was paid for the equipment, we assumed that the company earned \$700 by buying this piece of equipment. In other words, we were trying to put Horton's purchase of a used piece of equipment on the same basis, as, perhaps, Consolidated purchase of a new piece of equipment. The result was that we charged off, by this process of reasoning, \$1,200 to the depreciation expense account when, as a matter of fact, the equipment only cost \$500 in the first place.

While this picture may appear to be entirely incorrect, nevertheless there was some justification for it, because, while we charged off \$1,200 to the depreciation expense account we nevertheless picked up \$700 in the surplus account.

Q. Which would have the effect of destroying earnings, or might it or might it not?

A. That is correct. The result of it was that we were actually writing off more than the cost of the equipment, in effect, a practically incorrect—

Q. So what did you do about it?

A. We changed that procedure and employed the procedure I am outlining now with all of the companies. In our schedules, we indicated the cost of equipment when new, applied the depreciation rates, the new depreciation rates, but stopped before the depreciation on equipment when it reached 95 percent of the original cost. I failed to indicate previously that the contract provides for

a 5 percent salvage on all equipment—that is, all revenue equipment; and, consequently, with respect to all the equipment we only depreciated 95 percent, and permitted a 5 percent salvage value to remain on the company's books.

Q. As you went along, Mr. Reicher, you would apply practical tests, as you have indicated previously. Did you apply
919 these practical tests to the results you got, in substantially every case, to determine whether or not the formula was producing a correct practical as well as a correct theoretical result?

A. Yes, sir.

Q. And the illustration you just gave us here with respect to Horton was a case in which, as a practical matter, you found you had distorted earnings in the particular year, and so you changed it and applied a formula that would avoid distortion.

A. That is correct.

Q. And that was true throughout all of your audits.

A. Yes, sir; we applied the same formula in every case.

Q. And, incidentally, when you made this discovery with respect to Horton Motor Lines, that applying the formula as you originally had it would produce this original result, did you go back to the other companies and make the same change in the audit with respect to those matters?

A. Yes, sir. That was my particular duty. I was away from my office on the road for the greater part of the period when this examination was made.

Q. Well, as long as you have raised that point let us go into it for a minute. How many auditors did you use in making these examinations that you are describing to us?

A. Well, they fluctuated from sixteen to about twenty-two or twenty-three men.

920 Q. And they went to the offices of the companies involved?

A. Yes, sir.

Q. And made their audit there?

A. Yes, sir.

Q. Did you have a number of men at each company?

A. Well, the small companies had two men and the larger companies had four or five men.

Q. And they were there for considerable periods of time?

A. They were there approximately two months.

Q. Then you yourself went around from time to time to the offices of the companies?

A. Yes, sir.

Q. And conferred with your men and checked the results as they went along?

A. That is correct.

Q. And examined the adjustments that they were making?

A. Yes, sir; and approved the adjustments.

Q. Part of what you were doing was checking to see whether the result was both theoretically correct and practically correct?

A. That is correct.

Q. Were you also in constant communication with your men practically from day to day, during this time while they were out in the field?

A. Indeed, I was. When I was not with them, we had been writing letters to them, telling them the things we discovered on one job, and which were to be corrected because there inconsistencies being produced with respect to the books.

Q. Just one more question along that line: While the companies followed the Interstate Commerce Commission's system of accounts, nevertheless would a variation, as regards all of the companies, in the manner in which they handled particular items, result?

A. Yes; there was.

Q. And you also had to take that into consideration in trying to produce a uniform result; did you not?

A. Yes, sir.

Q. And you did take it into consideration?

A. We did.

Q. Will you now continue, Mr. Reicher? You have just finished talking about changing your formula on depreciation as a result of discovering in the Poole deal that they used rebuilt equipment.

A. Incidentally, we also checked the cost of the equipment. I say we test checked the cost of the equipment with invoices received by the company.

Q. By that you mean new equipment?

A. New equipment.

Q. And that is other than and in addition to the description you gave us of checking the actual price, the original price of any used equipment?

922 A. That is correct. I might also state that when the job was completed and all the men were back in our office, we compared the cost of the equipment for all of the companies. In other words, we looked to see whether a certain model of Mack was approximately the same cost all the way through, and the same thing as to the cost for Autocars, Fords, and G. M. C.'s and other makes, and we found that the cost prices on the companies' books were substantially the same.

We prepared comparative schedules showing the book values of all of the equipment, and compared them as between the various companies, and found that the book values compared fairly well. As a matter of fact, we have an exhibit which would show the book values of the various types of equipment, and which book values were employed in determining the book value of the total revenue equipment included in the balance sheet.

We have written to banks and others to determine whether any of this equipment was pledged, and checked the responses. In respect to shop and garage equipment, furniture and office equipment, and leasehold improvements, we examined the 1939 and 1940 additions to these accounts, and satisfied ourselves that the additions were really shop and garage equipment and furniture and office equipment and things that belonged in the accounts.

923 We then applied the depreciation rates outlined in the contract and compared them with the depreciation rates taken by the companies, and made adjustments similar to those I explained in connection with the revenue equipment accounts.

With respect to leasehold improvements, we checked the items that went into that account, and wrote the leasehold improvement off over the life of the original lease, without giving any consideration to any renewal or optional period contained in the lease.

This was true with respect to improvements other than structures on leased properties. Where there were any structures on leased property we depreciated those on the basis of either the term of the lease, including the option, or the nature of the asset: so that, assuming it was a brick building, we would take, perhaps, a 2 percent depreciation rate per annum, providing the lease was for at least 50 years. If the lease was for only 25 years, we would take a 4 percent depreciation.

With respect to the organization expense, franchises, and permits, the contract provides that all organization expenses are to be written off, and, accordingly, we had two moves to make with respect to that item; first, to write off any balance which was on the company's books at April 30, 1941, and, second, to reverse any charges that the companies may have made to their ex-

924 pense account for these intangible items, the theory being that the intangibles should have been written off whenever they were acquired.

Q. That had the result of eliminating intangibles from the assets?

A. That is correct. All the intangibles were written off the balance sheets of the respective companies. With respect to prepayments, such as taxes, licenses, insurance, interest, and rents, we determined the correct amount of the prepayment account at

April 30, 1940, and again at April 30, 1941, and any difference between the actual prepayment account at April 30, 1940, and the books was charged or credited to the surplus account. Any difference at April 30, 1941, after giving effect to this adjustment at April 30, 1940, was debited or credited to the profit and loss for the period.

The treatment with respect to prepaid tires and tubes was more specifically outlined in the contract, which provides that prepaid tires are to be inventoried at 50 percent of their original cost. Accordingly, we prepared a schedule of all of the equipment owned, indicating the number of wheels, which gave us the number of tires on all trucks, tractors, and trailers. We inventoried those tires according to the sizes, and arrived at the amount of prepaid tires and equipment at April 30, 1940, based on 50 percent of the original cost. We did the same as at April 30, 1941.

925 We then took into consideration any additional spares that the companies may have had, and any difference existing at April 30, 1940, was debited or credited to surplus account, and any difference at April 30, 1941, was charged to operations or credited to operations for the current year.

Incidentally, in connection with prepaid items, and to indicate the attempt we made to equalize the earnings of these various companies, we started out on the theory that all companies had approximately the same number of spares, and when we got down to the southern companies we found that they had more spares than were necessary to allocate one spare to a truck and one to a trailer. When we got north, we found that the policy of the companies was somewhat different. They did not have a sufficient number of spares to allocate one spare to a truck and one to a trailer.

I failed to mention that at the inception we proceeded on the theory that all of the companies had at least one spare for a truck and one for a trailer, and assuming that theory to be correct, after we determined the amount of prepaid tires on vehicles, we allocated one spare to a truck and one to a trailer and arrived at the total number of prepaid tires owned by the companies, and until we discovered that the companies in the North did not have sufficient spares to allocate one to a truck and one to a trailer. And at such time when we discovered that the

926 northern companies did not have sufficient spares to allocate one spare to a truck and one to a trailer, we had to change our entire process of reasoning and work with the actual inventory of spares, in addition to the prepaid tires on all equipment.

Incidentally, the reason we followed the theory of applying one spare to a truck and one to a trailer was that we wanted to ignore

the inventory of spares which the companies might have given us, because we thought, or at least I thought, that in the inventorying of spares they gave us some shoes that were perhaps 95 percent gone, and the shoe may not have been worth any more than the rubber itself, and in order to avoid any such possibility, I thought that every company would have at least one good spare for each truck and each trailer; but I found that the theory did not work out and changed it.

Q. Well, you found the practice in the North not to carry spare tires, I imagine.

A. That is correct.

Q. Whereas the practice in the South is different.

A. That is correct.

Q. Excuse me, but you did make a test check after you changed your practice against the inventory of spares to ascertain if they were in reasonable condition.

A. Yes, indeed. Not only that, but there were so few spares in each case in excess of those on the trucks that it was
927 almost negligible, it was an unimportant item.

With respect to the liabilities now, as to the notes payable and also as to accounts payable, we circularized the various creditors of any substance; that is, amounts in excess of two or three hundred dollars. We also circularized any large suppliers, even though there appeared to be nothing due them, and on receipt of the replies we checked them with the amounts appearing to be due on the companies' books. Where there were differences we inquired and made adjustments. We examined the various voucher registers or other records that the companies may have had to see whether any bills were entered subsequent to our period; that is, in May, June, and July of 1941, applicable to the 12 months ending April 30, 1941. Where we discovered those, they were entered.

In one case we found \$14,000 worth of bills which were entered in a subsequent period. But we also found that there was ten or eleven thousand dollars worth of bills entered after April 30, 1940, which was applicable to the prior year; so we removed the \$10,000 worth of expenses from the current year and increased the expenses by \$14,000 for bills which were entered subsequent to the current year.

We checked vendors' statements against the open accounts payable. A similar examination was made of wages payable. We examined the pay roll accounts to determine the liability,

the accrued liability as of April 30, 1941, and also April 30,
928 1941. The distinction between the two accounts is that the company might have a full week due towards the end of the month, which might be April 29th, and not pay the same

until May 2d. Then, in addition to that, they will have an accrual for two days between the last pay roll date and April 30th.

With respect to the taxes, we determined the accrual based on the tax returns filed by the company at the close of the year. As I will explain later, we determined the tax liability for the four months from January 1st to April 30, 1941, and set up the liabilities for the period. We also set up the tax liability for any items that went into surplus accounts which would not appear through the profit and loss account.

Equipment obligations were circularized and confirmed. I have reviewed the methods of handling the reserves for depreciation of revenue equipment and other assets when I discussed the asset account.

Now, with respect to the reserve for uncollectible revenue, the contract provides that the company shall maintain a reserve of one-sixth of one percent of its revenue for the year as a reserve. We made an adjustment, giving effect to that provision, and in so doing, we followed the policy of charging the expense account any accounts that were bad where the shipments arose subsequent to May 1, 1939. Where shipments arose prior to May 1, 1939, we charged the bad debt to the surplus account, and that procedure was necessitated by the fact that the companies were not too cautious or accurate in the way they wrote off their bad debts. In some cases they felt the amount was collectible and continued to keep the same on its books, and when we examined the same we found the account was more than two years old, and we determined it was bad and therefore we wrote it off.

In connection with insurance reserves, particularly where the companies carried self-insurance, we examined the claims if they were for cargo. If they were for P. I. and P. D., we had an insurance expert examine the claims filed, to satisfy ourselves that the reserves were adequate. In addition to that, and to assure ourselves that the liabilities would be set up where the reserve was inadequate, a contingent reserve was set up on the books of each company.

Q. One more thing in that connection: Did you also make tests against the four or five years of past experience of the company to see how the total of the reserves lined up with their expense?

A: Yes.

Q. You also confirmed your reduction by writing and getting an answer from the insurance company; did you?

A. Oh, yes.

Q. Did you also write letters to lawyers of the various companies, asking whether or not they had any knowledge of any claims outstanding or lawsuits or threatened litigation?

A. Indeed we did.

Q. And you received replies which you took into account?

A. Yes, sir.

Q. One way or the other?

A. Yes, sir. That about covers the liability section. The remaining item that gave us some difficulty was deducting the profit of the companies who were on a period basis, and where the month did not end or begin on April 30th—that is, on May 1st and April 30th—we made an effort to determine the correct profit for the period, and then determined the number of days applicable to the current period and made an allocation on that basis. I suppose I could go on almost indefinitely, but that about sums up the work that we have done at the respective companies.

Mr. SULLIVAN. I suppose we might suspend at this point, Your Honor, before we start and get half way on a new topic.

Exam. BAKER. I think that would be the thing to do, but before we adjourn for lunch I would like to get a little better idea as to how long this hearing is going to last. Apparently the applicant has revised its plan somewhat as to the number of witnesses. Can you give me an estimate as to the time it is going to take to put your case on?

931 Mr. SULLIVAN. This afternoon we are moving into the financial costs that have been produced as a result of these studies that Mr. Reicher has described. I do not know how long the examination will be on that, maybe a half an hour or so, approximately, and at least, for the moment, I think we will be through with Mr. Reicher except for the cross-examination. We have, following Mr. Reicher, probably two or three additional witnesses along the same subject as were touched on by Mr. Howell this morning, with supporting exhibits. As to how long it will take, I do not know. Maybe you can multiply that by the length of time Mr. Howell took this morning. It depends partly upon the cross-examination. I would think that those witnesses would require approximately a half day; so that while we expect to call Mr. Seymour back to the stand for some brief testimony, perhaps I would want to put Mr. Reicher back on the stand tomorrow for a few things, after we have had a chance to think it over tonight. I think some time about tomorrow noon we ought to be finished.

Exam. BAKER. Can any of the intervenors state as to the time they will occupy as to the presentation of their evidence?

Mr. Wiprud?

Mr. WIPRUD. Perhaps some of the other intervenors can state their position as to the time that might be consumed by them.

932 Mr. MILLER. I have approximately seven or eight witnesses. There is no chance of putting them on today or to-

morrow; so I would like to be advised, so that I can arrange to have them here on Monday.

Mr. SULLIVAN. Are they here now? I will agree to your putting them on this afternoon.

Mr. MILLER. They are not all here at the present time, and I am not in a position to put them on this afternoon.

Exam. BAKER. How long do you estimate your direct examination will take?

Mr. MILLER. I imagine not over 10 or 15 minutes, but I imagine there will be at least an hour on cross-examination of each.

Exam. BAKER. Do you any of the other intervenors propose to put on any evidence?

Mr. O'Brien?

Mr. O'BRIEN. Mr. Examiner, I imagine probably an hour or an hour and a half.

Exam. BAKER. Mr. Wiprud, can you give us your estimate now?

Mr. WIPRUD. We have a number of witnesses, Mr. Examiner, and we have anticipated that they will consume about five hours on direct testimony. That is predicated upon the testimony that has been presented here, and which we have understood had
933 been concluded, in regard to the all important issue of competition. We were advised yesterday, for the first time, that the applicant would assume their proper burden of proof and present an entirely new story of competition. Under the circumstances how much time it will take is dependent wholly upon the extent of their presentation, which we were given to understand would be quite extensive.

Exam. BAKER. Do you feel that five hours is probably the maximum that will be required, and that may be decreased, depending upon the evidence produced by the applicant, or increased?

Mr. WIPRUD. Well, I think, Mr. Examiner, it might not be inappropriate at this time for me, to present to the Commission, through you, a statement of the position of the Anti-Trust Division in this proceeding.

The Antitrust Division was impelled to intervene in this proceeding because of numerous complaints received from persons in public and private life. Assistant Attorney General Thurman Arnold, in his letter to the chairman of the Commission, which constituted the Division's petition for intervention, stated the purpose and scope of such intervention. What has transpired thus far in this hearing amply justifies the statement made in his letter, namely, that insofar as the public interest is concerned, applicant parties might not, because of their property interests, be
934 relied upon to present facts sufficiently comprehensive and unbiased to enable the Commission to make the statutory finding. That is, a statutory finding in regard to

competition. This would likewise be true in regard to intervenors or protestants, who are governed largely by their property interests. This statement that I have just made is based upon the showing which applicant originally made with regard to the vital issue of competition in this particular proceeding. The showing made at the initial hearing in this case is identical with that made in the former case. The Antitrust Division demonstrated that such evidence as had been submitted has no probative value; in fact, it was entirely misleading and would afford no basis upon which the Commission could make any determination. Applicant is now presenting an entirely new picture of the competitive situation, which is, in our view, as it should be, because the burden of proof is clearly on the applicant to show that the proposed transaction would not unduly restrain competition.

Now, Mr. Examiner, it is clear that the Antitrust Division is not an intervenor in this proceeding in the usual sense. It is a Government agency charged with the duty of enforcing the antitrust laws. The antitrust laws are applicable to transportation and there is nothing in the Interstate Commerce Act to the contrary. It is true that in merger proceedings the order of the

Commission based upon the statutory finding exempts the
935 transaction and the parties thereto from the antitrust laws, but it cannot be seriously urged that such order of the Commission could approve a transaction which would unduly restrain competition. Therefore, the Antitrust Division conceives it to be its duty to prepare and bring facts to the Commission on the basic issue of competition, and related issues in order that that record may be crystal clear to the end that the public interest may be protected.

The time which has been allotted to the Division to prepare and bring facts and information from the standpoint of the public interest has been too short. The Division asked for 30 days and the Examiner granted 14 days. During those 14 days the staff that could be assigned thereto has been working night and day to prepare and present factual evidence to the Commission bearing on the vital issue in the case. That preparation has not yet been completed. The original request for 30 days is the minimum time within which a satisfactory presentation on behalf of the public can be completed. In this connection, it should be borne in mind that applicant has had almost two years to prepare its evidence because all of the data in the former case, including graphs, traffic studies, et cetera, were purchased by the new company from the old. Certainly, the Antitrust Division should have 30 days in which to complete its preparation of factual data for this record.

Any suggestion that the Antitrust Division is guilty of laches by virtue of the fact that it has had notice of this application since its inception is not well founded. The Commission will take judicial notice of the fact that until recently the Antitrust Division has been understaffed and not until approximately July 1st of this year were funds available for an expansion of its personnel. Up until that time only two men were assigned to transportation matters and their time was taken up entirely with pending transportation cases, as well as the defense of orders of this Commission before the courts. After Congress has appropriated funds, there became available during August, of this year, other men who were assigned to the transportation unit. Mr. David Macdonald and myself are in charge of this matter. We came to the Division only this past month and, therefore, for the first time the Antitrust Division was able to translate into action its interest in these merger proceedings.

I want to include in the record, Mr. Examiner, that statement of the position of the Division as a basis for a motion that I desire to make that we be given the original time that we requested for the purpose of completing our presentation of factual data to the Commission.

EXAM. BAKER. Has the applicant anything to say in that respect?

Mr. SULLIVAN. I would suggest, Mr. Examiner, first, that the statement contained in the statement read by Mr. Wiprud is slightly without proof here in the record. He stated that the applicant purchased the records of the Transport Company, and that therefore the applicant has had two years in which to prepare itself on the subject of competition, or otherwise, with respect to this matter. I submit to you, Mr. Examiner, that there is no proof in the record that shows that we got any exhibit covering the question of competition. We had no records prepared and we purchased no records or graphs or charts because there were not any on the subject of competition in the Transport case. The only thing that was available was such stuff as some of us who handled the Transport case had in our possession as a result of dealing with our own companies at that time, and which we ourselves prepared last year for similar purposes.

In respect to the delay, it has not been suggested here, first, as to what could be accomplished by the delay. Certainly the application was in the hands of the Justice Department some time before this hearing commenced. Nothing materially new or additional has been brought out. If the duty of the Department, as was sug-

gested by counsel, Mr. Wiprud, here, is to develop before the Commission all the facts pertaining to monopoly or competition, or lack of competition—if that is their function, if that is their duty, the very day they heard of this hearing they could have started work on that. That did not require hearing testimony in this case,

938 in order to determine it, as it would be the duty of a public official to determine the facts they are, regardless of one side or the other. The Commission's files are here. We are not in Washington; we have to send people here to get at these files to determine these things. Aside from that, the files are always before the Interstate Commerce Commission. Such information is available, and certainly is better known to the Interstate Commerce Commission than to anybody else, because they have to determine that. The Interstate Commerce Commission's files show all of the information with respect to these companies. I don't know who should know more about this proceeding than the Interstate Commerce Commission, who is charged with determining this.

However, aside from that, as I say, the task, according to the conception of the duty of the Justice Department, as stated by Mr. Wiprud here, is to produce the facts, whatever they are. Nothing with respect to our testimony changes the facts. They could then prepare that list of every bit of competition there was in the territory. They are here in Washington. They did not need lawyers to check that. In fact, I do not think they had to use lawyers to check up whatever they have done on that subject. They could have been ready to present it, as I say, to the Commission at any time or supplement whatever we have presented. I think that
939 that is all I have to say on the subject. I do not believe any delay is necessary. It certainly would be a hardship on the applicant—

Examiner BAKER. I will reserve—

Mr. SULLIVAN. If it be granted.

Exam. BAKER. I will reserve ruling until after lunch. I was going to ask counsel whether it would be agreeable to have a night session. Would it be agreeable to everyone that we have a night session tonight?

Mr. SULLIVAN. It will be agreeable to us.

Exam. BAKER. I will not make a definite decision on that now. It begins to look as though we could not finish this case tomorrow, even if we did have a night session. I will also make a decision on that after lunch. We will now adjourn until 2:15.

(Whereupon, at 1:10 o'clock p. m., a recess was taken until 2:15 o'clock p. m. of the same day.)

Exam. BAKER. Are you ready, Mr. Sullivan,

Mr. SULLIVAN. Yes, sir.

Exam. BAKER. Come to order, please. Mr. Wiprud, I have given consideration to your motion for another adjournment in this proceeding. I realize that you do not represent an ordinary intervenor, and it was largely in consideration of that fact that I granted the previous adjournment. However, the Examiner has a duty to the applicant, as well as to the intervenors. This applicant has filed an application requesting certain authority, and is entitled to a decision on that applicant within a reasonable time. As you know, delayed justice is frequently equivalent to a denial of justice. Also, as you pointed out, the burden is on the applicant to establish and to satisfy the Commission that the proposed transaction will not result in an undue restraint of competition. If, as contended by you, the evidence does not establish that, presumably the application will be denied. If the applicant is willing to rest its case on the evidence presented, and to be presented, it, of course, does so on its own responsibility.

Considering all the circumstances, including the facts referred to when I previously ruled on your motion, I am constrained to deny your motion for further adjournment.

Mr. WIPRUD. May I respectfully except to the Examiner's ruling?

Exam. BAKER. You may. You may recall Mr. Reicher, Mr. Sullivan.

Mr. SULLIVAN. Yes; Mr. Reicher; and while he is coming to the stand, Mr. Examiner, I would like first to have marked for identification a letter in conjunction with Exhibits 7, 8, and 9 that were put in this morning in the Arrow Transport Company transaction. I have had handed to me this letter, which was photostated for one of the other people around here. It was not given to me early this morning, and it would complete that correspondence and the rest of the documents on the agreement and contract between Arrow and the Transport Company; so I will ask to have it marked for identification.

Exam. BAKER. Do you have another copy of that?

Mr. SULLIVAN. I have copies for everybody.

Exam. BAKER. The document referred to, which is a letter dated March 7, 1941, addressed to the Transport Company, will be marked for identification as "Applicant's Exhibit No. 11."

(Exhibit No. 11, Witness Reicher, marked for identification.)

Mr. MILLER. Mr. Examiner, may I inquire at this time as to whether or not the applicants are in a better position to state approximately what time they will complete their case, so that I can have my witnesses available? Some of them are out of town, and I will have to wire them.

942 Mr. SULLIVAN. I would say that we will suspend our case at any time and have him put in his case any time he wants to, so he can have them available.

Mr. MILLER. I appreciate your consideration, but I will not be prepared to present those witnesses until you have completed your case, because what you put in the record will determine to some extent what my witnesses will present.

Exam. BAKER. Mr. Miller, Mr. Sullivan described, I believe, to the best of his ability how long this proceeding will take. He estimated a day and a half, if we hold a night session, and he would probably complete his case either tonight or early morning. Is that correct?

Mr. SULLIVAN. Some time tomorrow morning, sir.

Exam. BAKER. I believe you could count on having your witnesses present and they would be able to testify tomorrow, but, of course, I can make no commitment on that.

Mr. MILLER. That was the information I desired.

Mr. SULLIVAN. Mr. Examiner, I offer in evidence this exhibit which we have just had marked for identification.

Exam. BAKER. Is there any objection?

Mr. WIPRUD. We have not seen it yet.

Exam. BAKER. Is there any objection to the receipt of Applicant's Exhibit No. 11, in evidence?

Mr. WIPRUD. No objection.

943 Exam. BAKER. The document will be received in evidence.

(Exhibit No. 11 was received in evidence.)

Mr. LACEY. May I ask whether this plan contemplates a Saturday afternoon session, or is that too far in the future to determine?

Exam. BAKER. Well, the Examiner is prepared to go into the afternoon to accommodate any witnesses that may be present and who may not desire to come back next week. If those witnesses are here and he is ready to put them on tomorrow morning, I am inclined to let him go right ahead. However, I do not want to state definitely. It depends upon the progress of applicant's case.

Mr. SULLIVAN. Shall we proceed?

Exam. BAKER. Yes.

HARRY J. REICHER resumed the stand and testified further as follows:

Direct examination (continued) by Mr. SULLIVAN:

Q. Mr. Reicher, at the conclusion of the morning's session, I believe you had finished outlining the procedure which you followed in making these orders. Now, as a result of your audit, have you prepared certain schedules showing the results, from various aspects of the matter, of those orders?

A. I did, sir.

Mr. SULLIVAN. At this time, Mr. Examiner, I would like 944 to have marked for identification a document entitled "Statement and Schedules in Re Application of Associated Transport, Inc."

Exam. BAKER. The document described will be marked for identification as "Applicant's Exhibit No. 12."

(Exhibit No. 12, witness Reicher, marked for identification.)

Mr. SULLIVAN. Mr. Examiner, we have one schedule which is not included in this volume now marked "Exhibit 12," and which we were unable to have photostated in time to have here. We have, however, five typewritten copies; we have sufficient copies so that the intervenors can follow what we are doing with respect to it, and then we will supply them tomorrow morning with photostatic copies of it. It is agreeable to them, and I wonder if we may use it and have it marked for identification at this time?

Exam. BAKER. You may, if that is agreeable to the intervenors. The document entitled "Comparison of the Net Worths of the Companies included in I. C. C. application," et cetera, will be marked for identification as "Applicant's Exhibit No. 13."

(Exhibit No. 13, witness Reicher, marked for identification.)

By Mr. SULLIVAN:

Q. Now, Mr. Reicher, we will take up this Applicant's 945 Exhibit No. 12, and will you describe to us, starting at the page of that document numbered 1, starting there, and describe to us what these various schedules were and the sources from which they are prepared.

Exam. BAKER. I suggest that in explaining the exhibit you merely explain any matters that are not self-explanatory, Mr. Reicher.

Mr. SULLIVAN. I thought we would touch on those as we went along. I am glad you made the suggestion, Mr. Examiner.

The WITNESS. I am terribly sorry; I didn't hear that.

Exam. BAKER. I stated that in explaining the exhibit I would suggest that you refrain from explaining any matter that is sufficiently self-explanatory.

The WITNESS. Yes, sir. The first five pages of this exhibit—

By Mr. SULLIVAN:

Q. By that, you refer to Exhibit 12?

A. Yes.

Q. And when you say "the first five pages," you mean pages numbered 1 to 5?

A. Yes.

Q. When you refer to a page, the number you refer to is the number which is in this bound volume.

A. Yes, sir.

Q. All right. Now, go ahead.

A. The first pages of Exhibit 5 are a consolidated balance sheet of both the carrier and noncarrier companies, as 946. adjusted at April 30, 1941. It shows the financial condition of each of the companies as suggested on April 30, 1941, and concludes with the total for the carrier companies and another total for the noncarrier companies, and eliminates intercompany assets and liabilities or investments which one company may have in another company, in order to finally produce the consolidated net worth of all the companies.

The noncarrier companies are reflected in one column, and supported by a separate balance sheet contained on pages 3 and 4 of this exhibit. This balance sheet shows the consolidated net worth of these companies at April 30, 1941, to be \$1,900,243.24.

Mr. LACEY. Will you repeat that figure, please?

The WITNESS. \$1,900,243.24.

By Mr. SULLIVAN:

Q. And that figure that you just read appears on page 2, on the extreme right-hand column, the figure next to the bottom.

A. Yes, sir. Pages 6, 7, and 8 of this Exhibit 12 shows the adjusted profit and the profit per books for each company for the year ending April 30, 1941. It also gives effect to nonrecurring expenses, reduced by State and federal income taxes. Page 6 of this schedule—

Q. Excuse me. These nonrecurring expenses to which you refer, are they nonrecurring expenses specifically set forth 947 in the contracts between the Associated Transport Company and various companies where such items appear?

A. Yes, sir. In connection with that, we have made an examination, or at least in the course of our examination we verified these

nonrecurring expenses, to be sure that they were included in the original expenses as reflected on the companies' books. Page 6 of this schedule shows the total operations for the carrier companies, as adjusted and as per books. Page 7 shows the operations of the noncarrier companies. Page 8 is a summary of both the carrier and noncarrier companies, showing the differences in the total expenses of the combined companies.

It will be observed that the profit as reflected by the companies' books was \$1,403,415.50, which we have reduced in our audit to \$1,266,155.13. We have added to that the nonrecurring expenses of \$192,103.68, reduced by taxes of \$74,350.19, making the adjusted net profit, that is, giving effect to the nonrecurring expenses, \$1,383,908.62.

Q. And that last figure which you gave us as the adjusted net profit of the companies is less than the net profit of the companies on the books by around \$20,000.

A. By \$19,506.88.

Q. Yes.

948 A. Page 9 of this Exhibit 12 shows a comparison of the consolidated operation of these companies; that is, of the carrier companies, for the years 1939, 1940, per books, as adjusted for the 12 months ending April 30, 1941, and as estimated for the year 1941. It further shows the operations as per the companies' books for the four months from January 1 to April 30, 1940, and the same period for 1941. It further makes a comparison of the operations for the eight months May 1st to December 31, 1940, and 1941. Pages 10 and 11 of this Exhibit 12 are pro forma balance sheets as of June 30, 1941, giving effect to the adjusted assets and liabilities of the companies at April 30, 1941.

The conditions of the companies as of April 30, 1941, as reflected by their books, is shown on separate columns in this statement. It shows the total carrier companies, and in addition the individual noncarrier companies, and shows the total noncarrier companies. It then shows the total of the merging companies before adjustments. Our adjustments resulted in decreasing the assets by \$80,929.61, which resulted in adjusted assets of \$9,379,466.38. This is not capital; it is just assets. We have indicated the condition of the Associated Transport as of June 30, 1941. We have given effect to the finance application with respect to the \$1,500,000 for working capital, and finally arrived at the pro forma balance sheet showing total assets of \$10,950,946.38.

949 Q. May I ask you a question at that point, Mr. Reicher?

A. Yes, sir.

Q. You say you have given effect to a consummation of the transaction involving the raising of \$1,500,000 of new working capital.

A. Yes;

Q. But I observe, under cash at the extreme righthand side of the page, you have a figure of \$1,410,000 in place of \$1,500,000.

A. Yes, sir.

Q. Will you explain that.

A. The \$1,500,000 was reduced by an estimate of \$90,000 for expenses in connection with the sale of the securities and expenses in connection with this organization or merger.

Q. Of course, any expenses in regard to the sale of securities could only be determined when, as, and if an underwriting agreement was reached, and that, under the arrangement, would be filed with the Commission for such action as they chose, before it was entered into.

A. That is correct.

Q. Furthermore, under the laws of Delaware, under which—

Mr. WIPRUD. Just a moment. Is the attorney testifying now?

Mr. SULLIVAN. Well, if I didn't do it that way it would waste just so much time.

950 Mr. WIPRUD. We object to it as a leading question.

Exam. BAKER. In view of the objection, please reframe your question.

By Mr. SULLIVAN:

Q. What do the laws of Delaware provide with respect to Delaware corporations as to the sale of their stock, at par or otherwise?

A. I presume the sale must be at par.

Q. Have you, in using this figure here, intended to indicate that any stock is intended to be sold at a discount?

A. No.

Q. The figure does not so indicate, does it?

A. No, sir.

Q. You have given—is this the net figure?

A. I have merely estimated—I knew that some expenses would be incurred in connection with this merger, and I have tried to estimate the cost of those expenses and deducted it from the cash, because you had to pay it out at cash. It does not mean that the \$1,500,000 is reduced to \$1,410,000. I have a column here giving the effect of the transaction, and this is the net figure for that work.

Q. Will you continue, please.

A. Yes, sir. Page 11 shows the liability section of the pro forma balance sheet, in connection with which we discussed
951 the assets a moment ago. Attention is directed to the giving effect to transactions, which are the last three columns of this page.

In the third next-to-the-last column you will find that we have eliminated the companies' present capital, all of the companies, amounting to \$1,403,000, and we have also eliminated their surplus,

and then especially have entered the preferred stock of \$5,294,200 and the common stock of \$6,444,449, both of which are to be paid for the acquisition of these companies. I am sorry. That is incorrect.

Q. Yes.

A. The \$5,294,200 represents the payment for the acquisition of the companies, plus the \$1,500,000 for the new working capital. This results in a total capital of \$5,938,649, which is \$472,872.24 less than the companies' present capital, and consequently produces a capital surplus of \$472,872.24. Page 12 of this exhibit shows a summary of the disposition of the proposed issue of preferred and common stock. It shows the amount of stock to be paid to each company, and the two columns, one per schedule and one per contract, merely give effect to the elimination of the amount of dollars less than fifty or more than fifty, for the purpose of adding or reducing one share of stock.

In other words, in the case of Consolidated Motor Lines, they are to get \$587,226.58 in preferred stock. Under the agreement, they get an even \$587,200, and so on down to the 952 total where we get a total of \$3,904,930.22, representing the net worth of the various companies, and for which they will get \$3,904,900 in preferred stock. \$110,700 of this preferred stock will be reacquired by Associated Transport through Barnwell Warehouse & Brokerage Company.

Q. Do you mean through the purchase or acquisition?

A. Through the acquisition of Barnwell Warehouse & Brokerage Company. This is because Barnwell Warehouse & Brokerage Company owns approximately 30 percent of Barnwell Brothers. Consequently, Barnwell Warehouse will receive that much stock of Barnwell Brothers. Since Associated is acquiring Barnwell Warehouse, it must pay the stockholders of Barnwell Warehouse this additional stock of \$110,700. In effect, it amounts to two issues of stock, in the amount of \$110,700, one of which will be reacquired through the ownership of Barnwell Warehouse & Brokerage Company.

Q. And then it is contemplated or understood that that stock, upon the reacquisition, will be canceled.

A. Yes, sir. Now, with respect to the common stock, the schedule herein shows the amount of stock to which the various stockholders of the companies have subscribed at \$1 per share. The next column shows the acquisition price or the amount of common stock which will be paid to the stockholders of these various 953 companies, and the last column shows the total amount of stock to be paid.

On page 13 you will find a repetition of the Barnwell Warehouse situation. Barnwell Warehouse will receive 15,472 shares

because of its ownership of Barnwell Brothers stock. Consequently, \$15,472, or shares, have been reduced from the total of 679,883.

Q. Then the stock will be canceled upon reacquisition.

A. Correct. In addition to that, we have the subscription of Mr. Seymour in the purchase from the Transport Company of its records for 9,000 shares of stock, making a total of 704,651 shares of common stock to be issued, or a total capitalization of \$5,998,851. After that, and as previously reflected in the pro forma balance sheet, the company will receive net assets over and above liabilities of \$6,471,723.24.

Q. By "the company" you mean the Associated Transport?

A. Yes.

Q. The applicant.

A. Yes.

Q. Go ahead.

A. Leaving the company with a capital surplus of \$472,872.24. Page 14 is another pro forma balance sheet of Associated Transport, showing the condition of this company as it will appear after acquisition of the various companies, and, again, it shows the capitalization of \$5,998,851, and an unearned surplus of \$472,872.24.

Exam. BAKER. Mr. Reicher, this latter balance sheet gives effect to the acquisition of control, whereas the previous one gives effect to the merger; is that correct?

The WITNESS. That is correct. Page 15 of this exhibit is a pro forma statement of the income, profit, and loss, based on the estimated operations for the eight months, May 1 to December 31, 1941. It shows the operations of the carrier companies and the noncarrier companies, and the total estimated operation for the year. Incidentally, the first four months of 1941 are the operations as reflected by the carriers' books.

By Mr. SULLIVAN:

Q. May I interrupt you, please, Mr. Reicher, to ask you, when you use the word "estimated," what basis did you use for the estimate?

A. Well, in each company we had to use a different form or different formula for estimating the operations. We consulted with the respective heads of the companies, the officers of the companies, and determined from them what they believed the revenue would be for the ensuing eight months, and we watched to see that the expenses were consistent with that increase in revenue. That is about all.

Q. Other than consulting with them, did you take into consideration the increase or decrease in revenue during the

955 first four months of 1941, as opposed to the first four months of 1940?

A. Oh, indeed.

Q. And you used that as a guide?

A. Yes, sir.

Q. Did you also use the revenue for other years at given periods, like the fall months, and so forth?

A. Yes.

Q. As a guide?

A. Yes, sir.

Q. To find out whether they have seasonal fluctuations?

A. That is correct. Having arrived at an estimate of operations for the year, we eliminated the nonrecurring expenses, added the proposed economies as outlined at this hearing, and reduced those economies of \$1,600,000 by \$800,000, representing estimated taxes, and finally arrived at an estimated profit for the year 1941 of \$2,878,000.

Q. All through here you have eliminated taxes, as you said. I mean in each of these—

A. We have not eliminated taxes. We considered taxes.

Q. You considered taxes?

A. Yes.

Q. You have taken the taxes out?

A. We deducted taxes from profits; yes.

956 Q. What did you use as the basis of your calculations as to what the taxes would be?

A. On the proposed economies?

Q. Yes.

A. We were not able to use any specific guide because of the nature of the various taxes, and we used 50 percent, because we calculated that these proposed economies would effect profits on top of earned profits, which would bring the profits in the higher income and excess profits taxes brackets; so we arbitrarily took 50 percent off, and thought we were safe.

Exam. BAKER. So far as the provision for income taxes is concerned, prior to that \$800,000 in the third column—

The WITNESS. Yes.

Exam. BAKER. \$968,668—what basis was that computed on?

The WITNESS. We computed the taxes on the profit reflected by each company.

Exam. BAKER. What rates did you use?

The WITNESS. The 1940 income tax rates. Schedule No. 16 of this exhibit shows the basis for distributing the preferred and common stock to each of the companies or their shareholders. This statement starts with the net worth, as adjusted at April 30, 1941,

for each of the companies. Columns 2 and 3 show depreciation adjustments for schedule 3 (e), and it shows the depreciation adjustments pursuant to the contract. That is paragraph 3 (e) of the contract reduced by 24 percent taxes, and just to explain that, under the contract, any adjustments made in depreciation which resulted in increasing the revenue equipment was to be paid for—I wish to modify that, if you don't mind—under the contract any increase in the revenue equipment as a result of the depreciation adjustments in 3 (e) of the contract—

By Mr. SULLIVAN:

Q. Would you state what that is at this point?

A. Perhaps I had better finish this.

Q. All right. Go ahead.

A. Under 3 (e) of the contract it had to be deducted from the net worth in considering the distribution of preferred stock. Instead of preferred stock, to the extent of the depreciation adjustment common stock was to be distributed. Schedule 3 (e) of the contract give the rates of depreciation that we were to apply in computing book values and the depreciation expense of the companies' equipment. It treats with revenue equipment, furniture and fixtures, shop and garage equipment, leasehold improvements, buildings, other structures, et cetera.

Q. Mr. Reicher, I would like now, at this time, to take a truck for whatever value you choose, and assuming that it has been on the company's books for four or five years, and that the depreciation rates charged by the company during those four or five years had varied, and then tell us what would happen and what the result would be.

The WITNESS. Will you read that question?

(Question read.)

Mr. SULLIVAN. I am asking him to give an example of what he has been talking about here.

A. Assume that a truck which originally cost \$3,000 was depreciated by the company, so that at April 30, 1941, its book value was \$1,500. When we made our adjustments, we changed the book value of that truck by virtue of reducing the depreciation, and therefore arrived at a book value of \$2,000. The difference of \$500 naturally increased the surplus of the company and therefore the net worth of the company. In determining the amount of preferred and common shares to be distributed to the respective companies, we eliminated this \$500 from the companies' surplus in determining the amount of preferred stock and gave the company instead 80 percent of \$500 of common stock.

EXAM. BAKER. Is that correct, Mr. Reicher? Is it not—
The WITNESS. It is 80 percent.

EXAM. BAKER. Five percent of 80 percent.

By Mr. SULLIVAN:

Q. Five percent of 80 percent.

A. Yes. It is 4 percent, really. We went one step further, though. Taking the first company, which is Consolidated Motor Lines, they show a net worth of \$742,286.96, after we have reduced their depreciation by \$10,860.19. When we reduced 959 their depreciation by \$10,860.19, we determined the tax thereon was \$2,606.45. Consequently, instead of \$10,860.19 being the increase in the company's net worth, as a result of this depreciation adjustment, the correct figure is really \$10,860.19 reduced by the tax of \$2,606.45. So that, in effect, we reduced the \$742,286.96 of net worth by the difference between \$10,860.19 and \$2,606.45, or \$8,253.75. We took 80 percent of that difference, of \$734,033.22 and distributed preferred stock for that. Now, for the \$8,253.75, being the difference between the depreciation and the tax, we distributed common stock, as you will find in column 17, which is, as indicated, 4 percent of column 2, minus column 3.

Now, to proceed, based on that calculation, Consolidated Motor Lines is to receive \$587,226.58 of preferred stock. The computation for common stock is as follows: We determined the profit—at least, column 7 shows the profit before tax of \$401,816.51, and then the net profit after tax of \$238,809.49.

Column 9 shows the schedule I adjustment for the schedule I in the contract, and refers to the nonrecurring expenses. In the case of Consolidated Motor Lines, these adjustments amount to \$57,347.16. The tax on those adjustments was \$25,003.36. Therefore, adding column 8, which is the company's net income after tax, and column 10, which is the nonrecurring expense after tax, produces the company's adjusted net income in column 11 of \$263,812.85.

960 Again, pursuant to the terms of the contract, the formula was to deduct 6 percent of the preferred stock from the adjusted profit to produce the net income available for common stock, and in this case it was \$228,579.25.

Q. The reason for deducting 6 percent of the preferred stock was what?

A. The reason for deducting 6 percent of the preferred stock was to make provision for the dividends on preferred stock.

Q. All right.

A. Column 14 conforms to the formula contained in the contract, which provides that one share of common is to be paid for

every \$2 of adjusted net earnings, which, in this case, produced 114,290 shares.

Column 17 shows the number of common shares which Consolidated received for its depreciation adjustment, and adding those two together produces the total column shares of 114,620. Adding that to the subscription shares of 6,452 produces a total common stock which Consolidated receives or 121,072 shares.

Column 21 shows the percentage of common stock to the total, which, in the case of Consolidated, is 17.18 percent.

Page 17 just refers to some of the adjustments that were made in the previous schedule, and I believe is self-explanatory.

Page 18 of this exhibit shows the number of vehicles 961 owned by these companies at April 30, 1940, and April 30, 1941. It was prepared for the purpose of showing book values of the equipment reflected in the companies' balance sheets.

Again, to illustrate the point, Consolidated Motor Lines owned 339 power units and 339 trailers. The average cost of their trucks was \$1,400, their tractors \$3,011, their trailers \$1,223. The book values, however, as reflected by the balance sheet in this exhibit, shows that the trucks were on their books, and that is adjusted after contract depreciation adjustments, at \$250.56 for trucks, the average book value for tractors of \$1,264, and for trailers, \$866, and that may be compared with McCarthy, \$303 for trucks, \$1,354 for tractors, and \$858 for trailers, and in the case of Moran, \$53.61 for trucks, \$896 for tractors, and \$709 for trailers.

It will be noted that all of the carrier companies involved in this application at April 30, 1941, owned 1,648 power units and 1,493 trailers, and that at April 30, 1940, they owned 1,468 power units and 1,273 trailers.

Page 19 of the exhibit was prepared to show the average profit which these companies have earned on their trades and sales of vehicles.

Again, in the case of Consolidated, their average profit per vehicle was \$275.56, and the average book value at the time the vehicle was traded was \$192.

That seems to compare favorably with all of the other 962 companies.

Q. Incidentally, by virtue of your audit adjustments, the profit they made on those in nearly every case was cut down as an average proposition, was it not?

A. That is correct. Page 20 of the exhibit is a bit of historical information, which shows the growth of these companies from 1932 to April 30, 1941, and is estimated for the year 1941. It also shows a comparison of the operations of these companies

for the first four months in 1940 as compared with the first four months in 1941.

On page 21 we have a total of the operations of these companies, showing revenue, depreciation, net income before and after taxes, and in the aggregate it shows that the revenue of these companies, excluding Southeastern and Transportation, which were not in business then, was \$3,443,000 in 1932, gradually increasing to \$20,559,000 for 1941; that is, as adjusted and as estimated, \$24,275,000 for the year 1941. Page 22 of this exhibit is just a schedule of employees of the companies as of April 30, 1941.

Q. Excuse me a minute. In reference to page 22 of the schedule of employees, that is the total number of employees, including extras?

A. Yes; those are all the employees the companies employed for the last week of April 1941.

953 P. Pages 23 and 24 are a consolidated balance sheet of the Consolidated Motor Lines. It is submitted merely to substantiate the figures already appearing in the consolidated statement of all of the companies included in this application.

Page 25 is also a statement of income, profit, and loss, with respect to companies comprising the Consolidated Motor Lines, and is included in total in the consolidated statement of all the companies.

Page 26 is a schedule showing the amount of current liabilities of the companies attributable to their fixed investments at April 30, 1941. This statement shows that the companies had an investment in equipment at April 30, 1941, represented by the book values of that equipment, in the amount of \$6,671,123.72. It had prepayment, such as licenses, insurance, terminal, working funds, and other prepaid items, of \$480,058.50. The total fixed investments, therefore, were \$7,151,182.22. We have deducted long term obligations; that is, obligations which do not mature for a year or more, of \$710,000, and have arrived at the net fixed investment of \$6,441,034.06. The companies' capital and surplus in the aggregate amounts to \$4,962,596.75, showing that these companies have used current liabilities of \$1,478,437.31 for the acquisition of fixed investments.

Q. Do you mean they used current liabilities?

A. Yes.

964 Q. Or they acquired current liabilities?

A. They used current liabilities for the acquisition of this property. Page 27 is a statement prepared for the purpose of showing the cash requirements of these companies as of April 30, 1941. It shows that the companies would require cash for notes

payable of \$290,219.17, and other current obligations, totaling \$3,579,610.78. For the purpose of meeting these obligations in the event of stoppage for any cause, it could only resort to the following assets: Cash, \$510,411.15; investments, \$10,034.25; accounts receivable, \$1,404,523.62; other investments, \$176,204.35, making total available cash or its equivalent, \$2,101,173.47, showing that the company has excess current liabilities over its available cash of \$1,478,437.31.

Q. Where you used cash, you mean accounts receivable, and so forth?

A. Cash or its equivalent, I mean.

Q. These last two pages, Mr. Reicher, pages 25 and 27, in addition to supporting other data appearing in these schedules, are specifically directed to the question of working capital; is that true?

A. Yes, sir.

Q. Now, you have another exhibit marked for identification there, No. 13.

965 A. Yes, sir.

Exam. BAKER. We will take a short recess at this point.

(There was a short recess taken.)

Exam. BAKER. Come to order, please. With respect to the contemplated night session, in view of the unavailability of certain witnesses, it seems preferable not to have a night session tonight. It will be expected applicant will complete his case some time tomorrow.

Mr. SULLIVAN. That is right.

Exam. BAKER. Very well. You may proceed.

By Mr. SULLIVAN:

Q. Mr. Reicher, when we suspended we were dealing, or about to deal, with Exhibit 13 for the applicant, for identification. Will you describe that exhibit for us, please?

A. This exhibit No. 13 shows the net worths of the respective companies at April 30, 1941; shows the total increase or decrease in the companies' profit; the total adjustments made to the surplus account; and finally concludes with the adjusted net worth as reflected in the balance sheets at April 30, 1941. The explanation for the total difference in both profit and loss and surplus is itemized under the captions of "Revision of Depreciation" and "Other Adjustments." And, again, to illustrate the purpose of this
966 statement, we will take the first company on the schedule.

As of April 30, 1941, Consolidated Motor Lines showed a net worth, in accordance with their own books, of \$783,532.29.

The same figure, incidentally, is reflected in the balance sheets, in our report, which is Exhibit 12—pardon me—Exhibit——

Q. It is Exhibit 12.

A. Pages 10 and 11 of Exhibit 12. We have reduced Consolidated's profit by \$67,816.46. We have increased their surplus by \$62,571.13. And their treasury stock has been reduced by \$36,000, making——

Q. Excuse me, Mr. Reicher. The brackets indicate reductions?

A. Reductions. Making total adjustments \$41,000, and leaves the net worth as adjusted \$742,286.96.

Explaining the \$67,816.46 for profit and loss adjustments, we have a column called "Additions to P. & L." To explain the changes in surplus, we have a column called "Additions to Surplus." The items not in brackets are additions. The items in brackets are deductions.

Now, you will notice at the bottom of the P. & L. column the total of \$67,816.46, and the total of the surplus column \$62,571.13, and the changes that were made are explained by the respective items in these two columns.

To illustrate further, with respect to revenue equipment—that is item 2—we have reduced the company's depreciation of 967 revenue equipment by \$2,000; \$327 was reduction in depreciation for the current year; \$1,600 was applicable to prior years, and consequently credited to the surplus account. And so for all these depreciation adjustments.

When we get to item No. 8, which is depreciation adjustment account, that deals with profits or losses on equipment traded or sold. We have reduced the company's current profit on trades by \$4,758.71 and credited the surplus account. Of course, we found that these trades were applicable to a prior year.

In dealing with the next item, No. 9, prepaid tires, you find that we have reduced the company's prepaid tires by approximately \$8,000; \$5,700 of that was applicable to the current year, thus reducing the profits for the current year by that amount; and \$2,387 was applicable to prior years, and therefore charged to surplus.

Item 10, reserve for uncollectible revenue——

Q. That says "Reserves." That is a misprint.

A. That is a misprint.

Q. It should read "Revenue."

A. "Revenue." The total of the adjustment was approximately \$36,647. Twenty-five thousand dollars of that we determined was applicable to the prior years, and therefore we merely credited surplus; \$11,422 of that amount applied 968 to the current year, and therefore we reduced the company's write-offs for uncollective revenue by that amount.

Item 15 represents invoices unrecorded up to April 30, 1941, which were uncovered in the examination in May, June, or July. These invoices were produced by the company, and we accordingly entered them, reducing the company's profits and setting a liability up on the company's books.

Incidentally, under item No. 31 there is \$10,269.44 representing bills entered in May, June, and July of 1940 which were applicable to the period prior to April 30, 1940. Accordingly we eliminated those expenses from the year's operations and applied them to the previous year by charging them to surplus.

Item No. 17 is an adjustment of insurance dividends receivable. The company has been setting up a dividend receivable of 45 percent of its premiums, and we have, as previously explained, revised that dividend to 40 percent, based on experience. And therefore we reduced the expense by \$10,000 and increased surplus by \$6,000.

Inventories were—well, the company had \$5,200 of waybills and claims; \$650 of that affected the expense for the current year, and \$4,500 affected the expense for the previous year.

Item 19 represents intangibles of \$2,600, which were charged off in accordance with the provisions of the contract; accordingly charged to the surplus account.

969 Item No. 20 represents Christmas gifts and other expenses which the company writes off during the course of the year. In accordance with the provisions of the contract, expenses of this description were to be written off the balance sheet at April 30, 1941, and accordingly these items were charged to the expenses and taken out of the prepaid items. &

Sundry receivables. We found there were miscellaneous deposits of \$885 which the company had made in prior years. We had written those off because confirmants indicated that they were consumed.

Insurance reserves, item 22: There is an adjustment of \$53,400 in P. I. and P. D. cargo claims. In adjusting this item we reduced the company's expenses by \$14,000 for the current year, and allocated \$39,000 to surplus. The company's policy with respect to P. I. and P. D. claims is to set up accruals on a mileage basis—they have done that for a period of years—and establish reserves, which were excessive and much higher than the amount of the actual claim. With respect to cargo claims, the company operates the same way, but sets up its reserves on a poundage basis. That was adjusted, the record being as I just indicated, the expenses being reduced by \$14,000 for the current year and \$39,000 went back to surplus.

Pay roll taxes were excessive to the extent of \$1,000—\$1,232—was applicable to the current year, and therefore the

970 expense was reduced by that; \$241 was applicable to the prior year, and it was charged to surplus. Capital stock tax, item No. 24, was accordingly adjusted. That also applies to local taxes.

Item 27 refers to State and federal income taxes. We have made an adjustment there of \$32,000. Almost all of it is attributable to excess profits taxes. The company did not set up excess profits taxes on this income, for the reason that it believes it is not subject to excess profits tax and is entitled to certain credits. We did not agree with the company's opinion; consequently set up this liability for \$32,000. No. 28 represents other balance sheet adjustments, making a difference of \$900. We increased the company's expenses by \$1,800 and increased surplus by \$900.

Item 29 refers to conversion to 4/30/41 fiscal year. Consolidated Motor Lines is on a period basis, and its period, instead of ending on April 30, ended on May 17, 1941; and likewise the period began on May 18, 1940. We had to adjust the profits for the current year to bring it back to the April 30, 1941, date, and accordingly reduced the profits at April 30, 1941, by \$34,000 and adjusted surplus—I wish to state that otherwise. We adjusted the profits by \$47,000. \$34,000 is applicable to the current year and \$13,000 is chargeable to surplus. Of course, that 971 was the adjustment made as of April 30, 1940. We have set up for all companies a reserve for contingencies of \$1,000, as represented by item No. 30. Item No. 31 was previously mentioned.

Q. Excuse me. Before you go on will you say a little more as to the reason for setting up the thousand dollars and its relationship to the contract?

A. The contract provides that the companies are liable for contingent liabilities, or such liabilities that may develop at a later date.

Q. The stockholders, you mean.

A. The stockholders—for liabilities which may develop by a later date, and they are not disclosed by the companies' books or by our statement. We set up a thousand dollars to cover all of these liabilities, including unrecorded liabilities, assessments for additional taxes, perhaps the loss of a stock certificate, where a stockholder may file a claim of any kind, a difference in a reserve for P. I. and P. D. insurance, or for cargo claims, and general items of that description. Item 32—

Q. I want to continue on that a little more.

A. I beg your pardon.

Q. What is the effect under the contract if this thousand dollar reserve is inadequate?

A. In the event that the thousand dollars is inadequate, 972 then the contract provides a 15 percent hold-back provision, that is, that under the contract 15 percent of preferred stock and 15 percent of common stock is being withheld so that the respective stockholders of the companies as they now exist will pay for their proportionate part of the company's contingent obligations which materialize.

Q. That is what I meant.

A. Item No. 32, officers' life insurance. We have eliminated life insurance premiums on officers from the expenses and charged them to surplus in all companies. Item No. 33, other miscellaneous items of a similar nature, where we have increased the expenses of the company by \$500.41 and increased surplus. In other words, we took it out of the expense account and transferred it to the surplus account. Those items represent the total differences of \$67,816.46, representing the reduction in Consolidated's profit, and also the total reduction in the company's surplus of \$62,571.13.

Q. You mean additions.

A. I am sorry—additions to the company's surplus in the amount of \$62,571.13. The same procedure applies to all these companies, for both the carriers and the noncarriers.

Q. Mr. Reicher, in the application which has been filed in this matter, there were certain financial exhibits also prepared 973 by you, and in certain of those financial exhibits, for example, Exhibits B-2 and B-6 of the application, reference is made to adjusted assets and liabilities and adjusted net worths of the various companies; also adjusted P. & L. as compared to the book net worth and the book P. & L. What is the intention with respect to the figures in Exhibit 12, to which we are now referring, in regard to those adjusted ones which appeared in the application?

A. The figures in the application were preliminary and tentative. The figures in Exhibit 12 are final as adjusted. We were obliged to furnish these figures hurriedly in order to get the application filed, and numerous adjustments were made after the preparation of these preliminary figures. All the statements contained in the application have a footnote to the effect that they are subject to revision and that they are only tentative.

Q. And the revision is contained in this Exhibit 12?

A. Yes, sir.

Q. Mr. Reicher, have you with you at this hearing the work sheets, records, and documents which you developed during your audit and from which Exhibits 12 and 13 have been prepared?

A. Yes, sir. We have all the papers in connection with this particular examination with us here.

Q. And have you also brought with you four of the auditors who were in charge of the work under you in making the audits of the various companies?

974 A. Yes, sir.

Q. And they are present here today?

A. Yes, sir.

Q. One thing more and I will be finished with you for the moment. Will you refer to Exhibit 12. So that it will appear clearly in the record, tell us what the net result of your adjustments as to net worth and as to P. and L. was with respect to the book net worth and the book P. and L. of the companies.

A. Yes, sir.

Q. I do not mean the individual companies; I mean the consolidated picture.

A. I am referring to page 11 of the pro-forma balance sheet, which, incidentally, shows the net worth of the companies before adjustments and net worth after adjustments. It is about two-thirds from the left. The net reduction in the capital and surplus of the companies was \$177,749.23, which reduces the companies' net worth as reflected by their books from \$5,077,992.47 to \$4,900,243.24. Page 8 shows the companies' total profit to be \$1,403,415.50. We have reduced that—

Q. That is per books.

A. Per books. We have reduced that profit by \$137, 975 260.37 to a net profit as adjusted of \$1,266,155.13, to which we have added the non-recurring expenses included in the contract of \$192,103.68, reduced that by taxes of \$74,350.19, and arrived at a total profit as adjusted in the amount of \$1,383,908.62.

Mr. SULLIVAN. That is all the questions I have of Mr. Reicher at this time. I want to say, however, that I may recall him sometime tomorrow for a few questions, and I want to further make this offer to any of the interveners or protestants, that any cross-examination that they feel unable to complete of him here and now, I consent that they may carry over until tomorrow, in case they want to study the exhibits in between, or something of that sort.

Exam. BAKER. Very well. Any cross-examination?

Mr. WIPRUD. I have a few questions, Mr. Examiner.

Cross-examination by Mr. WIPRUD:

Q. Mr. Reicher, in your capacity as accountant for the lines which are involved in this merger, have you access to the books on tonnage?

A. Yes, sir.

Q. How were those tonnage accounts kept?

A. We made no reference to them. That information did not concern us.

Q. Well, did the accounts show interchange tonnage?

976 A. They had records showing—I believe most of the companies, perhaps all the companies, have accounts showing interchange of tonnage. But we have no such statistics. We were not concerned with such statistics here.

Q. Yes; I understand. But each of the companies have accounts or records showing interchange tonnage?

A. I believe they have, sir.

Q. Will you refer to page 14 of Exhibit No. 12.

A. Yes, sir.

Q. The second item on the assets side, shown as notes receivable \$15,620, what does that represent?

A. That represents a note from Mr. Seymour in connection with his subscription to the stock of the company.

Q. Do you know from your examination of the records whether or not the note was secured?

A. I think it is. In fact, I know it is.

Q. Do you know what it was secured by?

A. It was secured by stock in one of Mr. Seymour's companies.

Q. You do not recall the company?

A. I believe it is Terminal Taxi-Cab—one of the Terminal companies; I do not remember which one.

Q. It is a one-signature note, is it? There are no other signers of the note?

A. I believe that is correct.

Mr. SULLIVAN. That is correct. I will stipulate it.

977 The WITNESS. That is correct.

By Mr. WIPRED:

Q. Now, if you will turn to page—

A. May I add in connection with that item that \$15,620 is only part of the subscription. Mr. Seymour paid approximately sixteen or seventeen thousand in cash.

Q. Yes; I understand. Will you refer, Mr. Reicher, to page 4 of Exhibit 12, which is a consolidating balance sheet of the noncarrier companies.

A. Yes, sir.

Q. Under the item there, Brown Equipment & Manufacturing Company.

A. Yes, sir.

Q. The total capital stock is shown at \$100,000. Is that correct?

A. Yes, sir.

Q. Now, on page 7 of this exhibit, under the heading "Brown Equipment & Manufacturing Co., Inc."—

A. Yes, sir.

Q. Is shown income including the adjusted net profit after taxes of this company.

A. Yes, sir.

Q. That item is \$104,662.71. Isn't that right?

A. That is correct, sir.

Q. And this is a company that is wholly owned by Mr. 978 Horton, president of the Horton Motor Lines; is that correct?

A. I think he owns practically all of the stock. There may be some shares.—

Mr. HORTON. I own it all.

The WITNESS. Mr. Horton owns it all.

By Mr. WIPRUD:

Q. Now, if you will refer to page 27 of this exhibit, which purports to show the cash requirements of the companies included in this proposed merger as of April 30, 1941.

A. Yes, sir.

Q. Will you explain, if you will, the item shown as accounts payable? Can you break that \$1,546,633.24 down for us?

A. If you will refer to page 2 of the exhibit—I will try to identify the items. I think I can do it exactly for you. I am going to try to show you how these figures tie in, if you don't mind.

Q. I want you to break down that figure right now, Mr. Reicher.

A. All right. It includes \$1,243,958.80 appearing as accounts payable—trade and others.

Q. What is that accounts payable?

A. \$1,243,958.80. That is on page 2. \$178,201.45; \$124,472.99; and \$1,243,958.80—all appearing on page 2. The total of those will produce \$1,546,633.24.

Q. The first item shown on that sheet, sheet No. 2, ac- 979 counts payable—associated companies, is that an intercompany account? Will you explain that item?

A. We eliminated the strictly intercompany accounts, and the balance represents companies which are more or less affiliated, but not intercompany.

Q. And will you name the affiliated companies.

A. I don't think I can. By "affiliated companies" I mean companies which—well, companies which are not really affiliated with the corporations included in this application, but were affiliated perhaps through some interest which the stockholders in these companies may have in other companies.

Q. Well, why should that account be distinguishable from account 2050, which is accounts payable—trade and others?

A. Only because there is some association. There is no real reason for it. They can be consolidated after the elimination of \$192,000.

Mr. WIPRUD. I would like to ask counsel if some other witness can explain that item, what he means by affiliated companies.

The WITNESS. Would you like a schedule of that?

Mr. WIPRUD. The reason for the separate treatment of that item.

Mr. SULLIVAN. I do not know that anyone except Mr. Reicher can do it.

EXAMS. BAKER. Mr. Reicher, isn't that \$192,000 shown as an elimination mostly in accounts receivable due subsidiaries of the Consolidated Motor Lines? *

The WITNESS. Page 5, the schedule, shows the elimination of \$192,000. It shows the amount due to Brown Equipment & Manufacturing Company \$182,437.71; Conger Realty Company, \$900; Barnwell Warehouse & Brokerage Company, \$9,164.86. Those are directly affiliated companies which are in this merger.

By Mr. WIPRUD:

Q. Then, this item here refers to accounts payable—

A. It says associated companies.

Q. Of these associated companies.

A. I beg your pardon. No. Page 5 refers to accounts payable of affiliated companies. If you turn to page 1 you will find a similar item reducing the accounts receivable by—reducing the assets, if you will, by \$192,502.57, and we likewise reduced the liabilities.

Q. All I am driving at, Mr. Reicher, is what these accounts are and what you mean by "Associated companies." I realize that you have an offsetting item on the asset side—

A. That is right.

Q. But in arriving at the figure that you did, on sheet 27 of this exhibit it shows an item of \$1,546,633.24, and an item for which cash is required in the event all these companies stop business all of a sudden. What we would like to do is to have the item broken down to show exactly what such item is.

A. I will give you that.

Q. All right.

A. You first have to refer to page 1 and follow that line Accounts Receivable—Associated Companies. The first accounts receivable you come to in connection with associated companies is \$7,534.59. Now, if you refer to page 2 you find \$178,000 is an account payable in connection with associated companies. The difference is \$173,000 due to associated companies. Is that clear?

Q. I ask you if you mean by "associated companies" any of the companies which are affiliated by stock ownership in the proposed merger?

A. By "stock ownership" you mean through stockholders, not through the company. I just want to get—

Q. Well, will you explain what it is.

A. I do not understand the question.

Q. Well, what do you mean by an associated company?

A. An associated company is a company in which one company may have an interest in another company.

Q. All right. What are those companies insofar as this item is concerned.

A. Insofar as this item is concerned, M. Moran Transportation

Lines does business with a company called Division Com-
pany, another company called International Parts, and M.

Moran owns no part of any of these companies, but the stockholders have some interest in those companies. We consider them associated companies. That is our interpretation of them.

Exam. BAKER. Actually, Mr. Reicher, that Division Supply & Sales Company, to which you refer, is presently an associated company of Moran; is it not?

The WITNESS. That is correct, sir.

Exam. BAKER. But after consummation of this transaction, if it is approved and consummated, that would no longer be an associated company of the Associated Transport, Inc., would it?

The WITNESS. That is correct.

In connection with Horton Motor Lines, which is the next one, you have \$182,437.71. I showed you on page 5 we eliminated the amount offsetting the accounts receivable. If you refer to page 5 again you will find \$182,437.71 which is eliminated in that total of \$192,502.57.

Exam. BAKER. I believe the only amount which is not eliminated is the amount which is carried under Moran, is it not? That is identical with the figure in the last column.

The WITNESS. That is correct, sir. Moran was the only item.

Mr. WIPRUD. I would like, Mr. Examiner, to pursue that
983 questioning a little more tomorrow, when I have had an opportunity to examine the exhibit further. I would like to proceed with a few more questions in connection with it at this time.

By Mr. WIPRUD:

Q. Mr. Reicher, referring to the item shown on page 27, Exhibit No. 12, of \$554,593.34, Equipment and Other Obligations Maturing Within One Year, and to the item on page 26 of that exhibit, Amounts Owed, Payable after One Year, \$710,148.16,

A. Yes, sir.

Q. Am I correct in assuming that those two items constitute the equipment obligations of the companies?

A. That is correct, sir. They are equipment obligations as reflected on page 2 of the same exhibit.

Q. Now, if you refer to the Exhibit B-2 attached to the application in this proceeding, the total capitalization of the eight companies—

A. May I interrupt a moment? I would like to find B-2. I have it. Yes, sir.

Q. The total capitalization of the companies involved in the proposed merger is shown as \$1,107,690, is it not?

A. That is the total capital stock.

Q. Now, referring to Exhibit C-7 of this application—

A. I have it.

Q. Referring to that exhibit which is "Giving Effect" balance sheet of Associated Transport, the proposed capitalization would be \$6,208,003, would it not?

984 A. Yes, sir; based on that.

Q. Now, the proposed increase of capitalization of these companies when unified reflects the conversion of the unappropriated surplus of the individual companies in the capital stock, does it not?

A. That is correct.

Q. Now, is it your contention that the proposed increase of capital corrects a situation that might have been considered in previous years?

The WITNESS. I should like to consider that question. Would you mind reading it, please?

(Question read.)

A. Possibly. I think that may be so.

By Mr. WIPRUD:

Q. Mr. Reicher, what do you consider as capitalizable assets of a motor carrier?

A. I think your question is a little vague. What do I consider capitalizable assets of a motor carrier? Well, I consider—I will try to answer your question as I understand it. I consider assets such as revenue equipment, structures, buildings, accounts receivable. As I answer this question I am trying to understand the inquiry. Do you mean what would I consider as assets which may be properly purchased for capital rather than liabilities?

Q. Properly capitalized.

985 A. Well, in accounting nomenclature you capitalize all assets which are true assets, and you cannot capitalize expenses. Now, I am trying to give you that distinction. I

do not understand what you mean. I am afraid you will have to clarify your question.

Q. Well, is there anything in addition to the physical assets of a motor carrier that can be capitalized?

A. Yes.

Exam. BAKER. Mr. Wiprud, do you have reference to what the Commission considers capitalizing assets?

Mr. WIPRUD. No. I have a point to bring out here, Mr. Examiner. If I may proceed for just a moment I think it will become clear.

Exam. BAKER. Perhaps you had better read the last question. (Question read.)

The WITNESS. My thought on the subject is merely this, that a company should acquire fixed assets, as distinguished from capitalizable assets, whatever that may mean, with capital. Current assets might be acquired through current liabilities.

By Mr. WIPRUD:

Q. Well, I will repeat the question. I think we got away from it. Do you think that the assets of a motor carrier that should be capitalized are only physical assets?

Mr. SULLIVAN. Excuse me. I object to Mr. Reicher 986 having an opinion one way or the other as to whether he thinks this should be capitalized or that should be capitalized. He has passed his C. P. A. examination a long time ago.

Exam. BAKER. I think that is for the Commission is to decide as to what should be capitalized. I do not believe Mr. Reicher is qualified to pass on that type of matter. I do not believe that the line of questioning is relevant.

By Mr. WIPRUD:

Q. Insofar as the proposed unification is concerned, is it your contention that there is not concern better capitalized here?

A. That is correct, sir.

Q. Now, if you will refer to page 16 of Exhibit 12, I believe that you show the amount available for dividends under common stock as \$1,178,305.85. Is that correct?

A. Would you mind repeating the amount you called?

Q. \$1,178,305.85.

A. And did I understand you to say that that was the amount available for dividends?

Q. Net available for common stock.

A. That is correct; net available for common stock distribution.

Q. Now, giving effect to this amount, is it not a fact that there would be available then for distribution to the common stockholders of \$1 par value common stock an amount one and one-half times the value each year?

987 A. I am afraid I did not quite understand your question. Would you mind repeating that question?

(Question read.)

Mr. WIPRUD. I will withdraw that question, Mr. Examiner and ask this:

By Mr. WIPRUD:

Q. What is the net profit of the combined companies, or what would it be for the year 1941, as shown by this exhibit?

A. \$1,765,528.76.

Exam. BAKER. What period is that, Mr. Reicher?

The WITNESS. That is estimated for the year 1941.

Mr. SULLIVAN: What page is it?

The WITNESS. That is on page 9.

By Mr. WIPRUD:

Q. Now, to arrive at the amount available for dividends on the common stock, what item would you deduct from that?

A. We would deduct the preferred dividend first of \$227,653.94, which is item 12 on page 16.

Q. And that would leave what amount available for dividends on the common stock?

Exam. BAKER. Mr. Reicher, wouldn't you also have to deduct the dividend on the million and a half additional stock?

The WITNESS. You are absolutely correct sir. That is ninety thousand additional. That would leave \$1,447,000 available for the common stock.

988 Mr. Fagg. Mr. Witness, do you now correct your item 12 by increasing that by \$90,000?

The WITNESS. No. Item 12 has no connection with the million and a half dollars of stock to be issued for working capital. Item 12 on page 16 merely shows the method we employed distributing common stock to the various companies. It has no relationship at all to the total preferred dividends to be paid by the companies. It is merely the formula by which we arrived at the common stock distribution.

Mr. Fagg. But the million and a half is preferred, is it not?

The WITNESS. Yes, sir.

Mr. Fagg. Bearing 6 percent.

The WITNESS. Yes.

By Mr. WIPRUD:

Q. Referring back to the item, dividends, \$1,447,000, Mr. Reicher.

A. Yes, sir.

Q. It is evident, is it not, that the par value of the common stock of \$1 would be turned over twice each year?

A. That appears to be correct, sir.

Q. Then, it follows that the common stock has a value far in excess of its par value, does it not?

Mr. SULLIVAN. I object to that. Aren't we getting pretty far afield?

Exam. BAKER. I think the question is argumentative.
989 The objection is sustained.

By Mr. WIPRUD:

Q. Assuming a fair return of 10 percent based upon the amount available for the common stock as dividends on the common stock, it is evident, is it not, Mr. Reicher, that the common stock has a real value, not of \$700,000, its par value, but \$14,470,000?

Mr. SULLIVAN. I object on the ground that it is immaterial. That is not a part of this hearing.

Mr. WIPRUD. Mr. Examiner, I think that it will become increasingly evident that it is a part of this hearing. We have some testimony here in regard to the interests of various parties in the common stock of this company. I think that the representation has been made here that the company is capitalized at less than its tangible worth, and we also have testimony here that this is a company of extreme earning power. I think these questions are pertinent to the issues in this case, particularly in the light of the testimony of Mr. Seymour in regard to his anticipated increased earnings of the common stock of this company.

Exam. BAKER. Will you read that question, please.

(Question read.)

Exam. BAKER. Do you understand that question, Mr. Reicher?

The WITNESS. I don't know. I don't understand the computation. I would like him to indicate how he arrived at the figure, and I will check with him on the basis of 10 percent.

990 I do not entirely agree with his reasoning, but I am willing to do the multiplication with him.

Exam. BAKER. If you do not know, so state. Answer "yes" or "no."

The WITNESS. My answer to that is that I have not attempted the multiplication. I do not know whether the 10 percent figure is correct.

By Mr. WIPRUD:

Q. Well, Mr. Reicher, would you consider a 10 percent return on the investment a fair return?

Mr. SULLIVAN. I object to that on the ground that it can't possibly make any difference in this hearing. The only possible conclusion we can reach from that is that either we ought to have more capital or cut the earnings. Now, the Commission has the right

to cut the earnings by fixing the rate. As far as the capitalization is concerned, instead of trying to increase it so as to reduce the return, if the Commission leaves the earnings where they are, it is the first time I have heard anybody argue we ought to increase the capitalization.

Exam. BAKER. I do not understand the purpose of this line of questions.

Mr. WIPRUD. Mr. Examiner, perhaps I can amplify a little bit on it. The application, of course, in the prior proceeding involved the cash purchase of the stock of these companies.

In this case it is alleged to be an exchange of stock, a
991 wholly different situation. Insofar as the common stock is concerned, that stock in the former hearing had a par value of \$1, the same as here. It was proposed to sell that stock to Kuhn, Loeb & Company for \$20 a share, and they in turn would sell it to the public at \$22 a share. I do not think it would be seriously contested that in the event that the Commission approves this application, and on the basis of the issuance of this stock at \$1 a share, that there would be any limitation on these companies, or this company, in increasing the par value of that stock held by individual stockholders and selling it at its real value.

I think we are dealing here with values based upon a record which shows earnings as they did in the former case, only you have eight of the companies here, that are the cream of the crop, as against 28 companies in the former hearing.

Exam. BAKER. Isn't that a matter of argument on brief, Mr. Wiprud, rather than asking the witness?

Mr. WIPRUD. Well, undoubtedly it is a matter that can be considered on brief, Mr. Examiner, but we have here an accountant and a lawyer who can perhaps answer several questions here that are pertinent on this particular issue.

Mr. SULLIVAN. Mr. Examiner, I would like to know if he contends that this is along the line of pursuing an investigation of monopolies according to the rather self-serving declaration
992 he read into the record just before the lunch hour. I think we are getting pretty far afield. His recollection is from some other deal. He is talking about the farmer deal. We haven't got the former deal here. This is the first hearing on this case. It is the first hearing on which these parties came to this Commission. Certainly if he is referring to the Transport Company, we did not have anything to do with the Transport Company. Somebody came around and offered to buy that property, and they agreed, and I don't think it even should be brought into this proceeding.

Exam. BAKER. Mr. Wiprud, I think the facts will speak for themselves. You can argue the question on brief.

By Mr. WIPRUD:

Q. Mr. Reicher, what provision has been made here for the conversion of the preferred stock into common stock?

A. No provision, sir.

Q. No provision for that at all.

A. I presume that some time in the future, if this is approved, request will have to be made for additional common stock for conversion purposes, but at this time there is no provision.

Q. No provision for it at all.

A. By "provision" I presume you mean whether the company has made a request for the Commission of additional common stock for conversion purposes.

Q. That is correct. That has not been done?

A. I do not believe that that is contained in the application.

993 **Exam. BAKER.** Since this point is raised, I intended to ask counsel concerning that feature of the application.

Mr. SULLIVAN. That is right, Mr. Examiner. We did not in the original application come here and ask for conversion privileges of the stock, because we were somewhat uncertain as to how much stock would be required. Upon completion of the case some time tomorrow we are going to move to amend the application to ask for 720,000 shares of common stock, instead of 700,000 we ask for here.

We do not, however, contemplate at this time asking the Commission to authorize the common stock to cover the conversion privilege in the event the preferred stockholders should exercise it, on the theory that probably we can come down to the Commission some time later, if this application is approved, and make an application by asking for the additional necessary common stock to take care of the conversion privilege.

Exam. BAKER. Mr. Sullivan, it occurred to me if you issue this preferred stock with conversion privilege you are necessarily under legal obligation to issue common stock in the conversion of that preferred stock, and that it would be appropriate for you to amend this application to request the Commission for authority to issue sufficient common stock to convert the preferred stock for which you are seeking authority.

Mr. SULLIVAN. When we make our motion to amend the application tomorrow to increase the number of shares of common
994 stock by 20,000, we will make an appropriate motion to that effect as well.

Exam. BAKER. Very well. Any further questions?

By Mr. WIPRUD:

Q. Mr. Reicher, you refer to certain nonrecurring expenses.

A. Yes, sir.

Q. Will you state what they are?

A. Well, each company sets forth the nonrecurring expenses it has in the contract. Most of the items were of this type. Referring to the companies we have Consolidated Motor Lines, \$57,347.16, and referring to the contract of Consolidated Motor Lines you will see a list of nonrecurring items on Schedule I. They read as follows:

Professional services to Coverdale & Colpitts, \$6,452.71.

Phoenix Securities Corporation, \$5,000.

Bonuses to officers and employees, \$45,894.45.

Or a total of \$57,347.16.

The nonrecurring nature of the item is due to the fact that these items will not be repeated in the future.

Q. And what is the total for all of the companies, Mr. Reicher?

A. Page 8 shows total nonrecurring expenses of \$192,103.68, reduced by taxes of \$74,350.19—we applied the tax, incidentally—which leaves a balance of \$117,753.49.

Q. And what basis did you apply at the time?

995 A. We added the nonrecurring expenses to the company's regular income, computed the State taxes, normal taxes, and excess profits taxes, just as though it was part of the company's income.

Mr. WIPRUD: That is all the questions I have now, Mr. Examiner. I may have more questions of the witness tomorrow.

Exam. BAKER. Any further cross-examination?

By Mr. FAGG:

Q. Will you please be referred to Exhibit B-3 of the application covering depreciation rates, wherein you show percentage for depreciation according to contract.

A. Yes, sir.

Q. If the Commission approves this application, is it your purpose to set up the percentage of depreciation, as shown in this exhibit following the words "per contract"?

A. I am afraid that that matter is not within my jurisdiction. We have virtually completed our engagement on the submission of this material. If we are retained in the future to do the job, we would be very happy to do it.

Q. I thought that you would be the accountant for the Associated Transport in the future.

A. Thank you.

Q: Would you care to express an opinion as to whether those percentages for depreciation are reasonable for the future?

A. My opinion—I have been dealing with trucking companies for quite a number of years, at least 10 years. I think that the rates set forth in this schedule are fair and adequate.

996 Q: As to equipment?

A. Yes, sir.

Q. Now, will you please—

A. Type of equipment, and mileage, and cost.

Q. Will you please refer to your Exhibit No. 12, page 10. In the upper right hand corner you show \$1,410,000 under the heading "Giving Effect Transactions Addition."

A. What page was that on, sir?

Q. Page 10.

A. How much is that figure, please?

Q. \$1,410,000.

A. Yes.

Q. Does that represent the \$1,500,000 of new capital less \$90,000?

A. That is correct.

Q. Does that mean that the cost of securing \$1,500,000 will be \$90,000, or 6 percent?

A. No, sir. We arbitrarily set a figure of \$90,000, which we felt will represent the cost of completing this operation, and the selling cost, whatever expenses may be incurred, maybe transfer stamps and things like that, in connection with this million and a half issue.

Mr. SULLIVAN. You have referred to completing this transaction.

997 You mean the expenses of handling this application?
The WITNESS. That is correct.

Mr. SULLIVAN. And legal expenses and all the others that go with it?

The WITNESS. That is correct, sir.

By Mr. Fagg:

Q. Now, will you refer to page 12 of the same exhibit.

A. Yes, sir.

Q. You again show, under paragraph (b), preferred stock for working capital, one and a half million dollars.

A. That is correct.

Q. What obligation does that carry for return?

A. That would be a 6 percent return. It is 6 percent preferred stock.

Q. At page 13 of the exhibit, seventeenth line from the top, shows "Organization Expense." Has that anything to do with the organization expenses of the new company?

A. Yes. That is \$98,000 that Associated Transport had paid for expenses in addition to \$9,000, which was paid the Transport Company for the records of that company.

Q. That total expense in the exhibit is \$107,000.

A. That is right; ninety-eight and nine, making one hundred and seven.

Q. Now, will you please refer to page 16 of the same exhibit—and I think it would be beneficial to the record if the Examiner will permit me to ask a rather long question, but I think it will make for a short answer—and in order to do that I would like to have you look at your item No. 1, directing attention to Consolidated Motor Lines, Moran Transportation Lines, and the Arrow Carrier Corporation. In item No. 1 you show the net worth for the three companies.

A. That is correct.

Q. Is it correct that the Arrow Carrier Corporation is approximately \$917,000; Moran, \$331,000, and Consolidated \$742,000?

A. That is correct.

Q. Now, on page 6 of this same exhibit you show the fiscal year earnings ending April 30, 1941, and under operating revenue is it true that your exhibit shows for the Consolidated Motor Lines \$5,062,000?

A. That is correct.

Q. M. Moran Transportation Company, \$3,018,000?

A. That is correct.

Q. And the Arrow Carrier Corporation, \$1,559,000?

A. That is correct.

Q. On page 18 of this same exhibit, is it true that the total equipment—

A. What page was that?

Q. Page 18.

A. Yes, sir.

Q. That the total equipment, approximately, for the Consolidated Motor Lines is 700?

A. Just hold on.

Q. Seven hundred.

A. Seven hundred?

Q. Pieces of equipment.

A. Oh. You mean both trucks, tractors, and trailers.

Q. All pieces.

A. All pieces. 697. Yes, sir.

Q. And M. Moran Transportation Company is approximately 575 pieces of equipment?

A. Yes; 574; yes.

Q. And Arrow Carrier Corporation is approximately 280 pieces of equipment?

A. That is correct.

Q. That the net income shown again on page 6 of the Consolidated Motor Lines is approximately \$425,000?

A. Net income?

Q. Net income.

A. On page 6. Net income is—how much did you say, sir?

Q. \$425,000. Net operating income.

A. You just choose to take net operating income; is that it?

Q. Yes.

A. Yes, sir; \$425,000.

Q. And is it true that M. Moran is \$105,000?

A. That is correct.

1000 Q. And that the Arrow Carrier Corporation is approximately \$158,000?

A. That is correct, sir.

Q. Now, can you explain for the record why the Arrow Carrier has a net worth of considerably more than the Consolidated Motor Lines or M. Moran Transportation when the operating revenues of both the Consolidated and M. Moran exceeds Arrow Carrier; that the total pieces of equipment owned by Consolidated and M. Moran exceeds Arrow; and that Consolidated net income exceeds Arrow; and that Moran is about \$50,000 less than Arrow? Can you explain that?

A. I must first add that it is difficult to explain, because you are dealing with a net income operating figure. That does not seem to me to have any special relationship to the acquisition price, if you wish to call it that.

You say that the operating income of Consolidated is \$425,000, and that its net worth is \$742,000; that the operating income of Arrow is \$158,000, and that its net worth is \$917,000. The fact is, however, that the net income of Consolidated is \$263,000. The net income of McCarthy is \$133,000—

Q. Moran.

A. I am sorry. The net income of Moran is \$79,000.

Q. Is this gross net income?

A. Just what do you mean by "gross net income"?

1001 Q. Everything eliminated.

A. Everything what?

Q. Everything eliminated.

A. Well, this is the final net income, including non-recurring items.

Q. All right. Just continue with Arrow now.

A. Yes. And the adjusted final net income of Arrow is \$148,000. Now, I say that on the basis of the agreement among these various companies; and on the basis of a formula which compensates them for earnings and pays them for their net worth, I definitely believe that the amount of common and preferred stock distributed to these companies is equitable and just.

Q. And you figure that the net worth, on that interpretation, is justified on those reasons.

A. I do not think the facts you presented have any bearing on net worth. The net worth is composed—Consolidated might have \$400,000 in cash, or Arrow may have \$10 in cash. You have completely ignored all the other elements comprising net worth. You have ignored the liability section. You have ignored the account receivable, and everything else that enters into net worth.

Q. I thought that you had covered that, because it is a picture to, at least, the shipper as to the future use of this transportation unit, and we thought from your able examination of this that you would have an explanation of that relationship between a carrier whose net worth is higher as compared to other carriers whose net worth was less and their equipment is more than Arrow.

A. I may explain that. I may say that a company with \$100,000 capital may have 200 units but was in a very weak financial condition, whereas another company with no capital may have 50 units and was in a strong financial condition. I believe this, and it is obvious by reference to the statement, that Arrow's financial condition with 280 pieces of equipment and \$917,000 net worth doing only \$1,359,000, from a banking point of view, perhaps is more substantial than Consolidated's position with 697 pieces of equipment and \$742,000 net worth doing a business of \$5,000,000.

On the other hand, if I were offered both companies, and knowing Arrow's net worth to be \$917,000 and Consolidated's net worth to be \$742,000, but also knowing that Consolidated's net income is 263 and Arrow's only 148, I think I would be inclined to pay much more money for the bigger money earner than I would for the company with the larger number of trucks. I would not be interested so much in equipment; I would be interested in earnings.

Q. Would you say that the net worth of the Arrow has also been influenced as a result of their management, as indicated in Exhibit B-3, whereby they are charged 12½ percent depreciation on trucks, 12½ percent on tractors, and 10 percent on trailers?

A. I don't think today that those low depreciation rates have any special bearing, and the reason I say that is that the equipment is comparatively old and practically fully depreciated.

MR. SULLIVAN. Excuse me, Mr. Reicher. Also they had a very high original cost of their equipment, which would justify those rates.

THE WITNESS. Yes, sir.

MR. SULLIVAN. For example, in 1941 their total depreciation for the period April 30, 1940, to April 30, 1941, is shown on Exhibit 12, page 6, to be one hundred and five thousand and some dollars as against, for example, Moran's \$116,000, McCarthy's \$119,000, and Consolidated's \$178,000. So they came up to their total dollars in any event.

THE WITNESS. That is correct.

By Mr. Fagg:

Q. And you are satisfied that the net worth of Arrow is reasonable; is that right?

A. I am, sir.

MR. JOSELOFF. Doesn't real estate figure in that?

THE WITNESS. It may well be. Arrow happens to own a lot of real estate.

By Mr. Fagg:

1004 Q. Are all factors that you refer to included in Exhibit 12?

A. Yes, sir.

Q. And they speak for themselves.

A. Yes, sir.

MR. FAGG. That is all.

EXAM. BAKER. Any further cross-examination?

MR. WIPRUD. Do I understand the witness will be on the stand again?

MR. SULLIVAN. We will bring him back tomorrow.

EXAM. BAKER. Well, since some of the intervenors have indicated a desire to examine Mr. Reicher after they have had an opportunity to study this exhibit, I think now would be the best time to adjourn until tomorrow morning, and Mr. Reicher will resume the stand as soon as we start, and he will be available for cross-examination then. We will adjourn until 9:30 a. m.

(Whereupon, at 5:25 o'clock p. m., September 5, 1941, the hearing was adjourned.)

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Before the Interstate Commerce Commission

Docket No. MC-F-1612

ASSOCIATED TRANSPORT, INC.—CONTROL AND CONSOLIDATION—
ARROW CARRIER CORPORATION ET AL.

Docket No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES
HEARING ROOM "B,"

I. C. C. BUILDING,

Washington, D. C., September 6, 1941.

Met, pursuant to adjournment, at 9:30 a. m.

Before VERNON V. BAKER, Examiner.

Appearances: (The same as heretofore noted.)

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PROCEEDINGS

Exam. BAKER. Come to order, please. We will resume the hearing.

Mr. JOSELOFF. I would like to ask permission, Mr. Examiner, before resuming the examination of Mr. Reicher, to put a witness on, a witness who was here all day yesterday and is anxious to take a plane out as soon as he can. It will take only a half hour or so.

Exam. BAKER. Very well. Call your witness.

Mr. JOSELOFF. Mr. O'Day.

J. T. O'DAY, being first duly sworn, testified as follows.

Direct examination by Mr. JOSELOFF:

Q. Your name and address, Mr. O'Day, please.

A. J. T. O'Day, Consolidated Motor Lines, Inc., Hartford, Conn.

Q. What is your position with the Consolidated Motor Lines?

A. Assistant general traffic manager.

Q. How long have you been connected with the Consolidated Motor Lines, Mr. O'Day?

A. Approximately 10 years.

Mr. FAGO. Are you through with the qualifications of this witness?

Mr. JOSELOFF. Yes.

By Mr. JOSELOFF:

Q. I show you an exhibit—

Mr. FAGG. Before you go into that, could you identify this witness with respect to the question of traffic and commercial experience with private industry or other transportation units?

Mr. JOSELOFF. I will be glad to qualify this witness further.

Mr. FAGG. I think that would be well.

Mr. JOSELOFF. In the meantime, I will pass out these exhibits.

Exam. BAKER. All right.

By Mr. JOSELOFF:

Q. In connection with your duties in the traffic department of Consolidated Motor Lines, Mr. O'Day, do you have occasion to come in contact with and observe the competing motor carriers in the territory served by Consolidated Motor Lines?

A. Yes; I do. I might elaborate on that a bit, by stating that I am a member of the National Traffic Committee of the American Trucking Association, a member of the Government Contact Committee of the American Trucking Association, on the board of directors of the New York Motor Carrier Conference; I am on the general rate committee of the Middle Atlantic States Motor Carrier Conference, that is, covering the MC-20 case, the Minimum Rate Order case; also on the general rate committee of the Eastern Motor Freight Conference, the MC-22 Minimum Rate Order case, and I don't know how many other committees throughout New England.

1009 Prior to coming with the Consolidated Motor Lines, I was industrial traffic manager for about eight years.

Q. So that you have been connected with this type of work for the past 17 years; is that correct?

A. I should say all of 17 years—18 years; yes.

Q. I show you an exhibit entitled "Statement Showing Various Points in Massachusetts, Rhode Island, and Connecticut, on the one hand, and New York, N. Y., Jersey City, N. J., Newark, N. J., and Philadelphia, Pa., on the other hand, which Consolidated Motor Lines, Incorporated, has been authorized to serve and a partial number of competitive motor truck carriers serving the same points," and I ask you whether or not that was prepared under your direction and control.

A. Yes; it was.

Mr. JOSELOFF. May I ask that this be marked for identification?

Exam. BAKER. The document described will be marked for identification as "Applicant's Exhibit No. 14."

/"Exhibit No. 14." Witness O'Day, marked for identification.)

By Mr. JOSELOFF:

Q. Will you take this exhibit, Mr. O'Day, and tell us, please, the nature and scope.

A. This exhibit was designed to show, in a brief way, the competition which exists between certain representative points in the States of Massachusetts, Rhode Island, and Connecticut, on the one hand, and New York, N. Y., Jersey City, N. J., and Newark, N. J., and Philadelphia, on the other hand. It was developed in this manner. I prepared a working sheet identical with this exhibit, except that we did not enter the number of carriers, as shown, for example, in the second to the last horizontal column on the first page of this exhibit. These route numbers which you see here on this exhibit are arbitrary designations, they being assigned without regard to any local, State, or U. S. highway route numbers or route numbers which may be contained in applications, recommended orders, or certificates of the carriers. Any similarity to those is merely coincidental.

Following that, I developed a work sheet identical to Appendix A, except that I did not show anything under the columns headed "Application Docket Number" or "Route Numbers." I listed a hundred and some-odd carriers which, in the main, to my own personal knowledge, I felt operated between all or some of the points in Massachusetts, Rhode Island, and Connecticut, on the one hand, and New York and New Jersey points and Philadelphia, on the other.

Following that, we went through the files of the Interstate commerce commission and obtained the application docket numbers, and then we went through the dockets in the files of the Commission in Room 7048, incidentally, of the Post Office

Building up here, to get the applications or recommended orders or certificates of these carriers. We went through those documents, and wherever we found that any of these carriers operated between any of these points in the New England States in question, on the one hand, and New York, N. Y., Newark, N. J., or Philadelphia, on the other hand, we assigned after that carrier's name in the column headed "Route Numbers," the route number corresponding to the numbers as shown in the exhibit proper, for example.

We were unable to obtain all of the dockets from the files of the Commission. We were given to understand that a good many of these dockets are out in the field, apparently in the hands of the Examiners. Others were out of the file, and a clerk over

there had no record of where they were. This exhibit here is to show the ordinary operations of these carriers—

Mr. Fagg. Mr. Witness, when you say "these carriers," are they all interstate carriers?

The WITNESS. That is right. These are only interstate common carriers, excepting two carriers which are shown in Appendix A, and which we have indicated as irregular common carriers of commodities generally. The reason that these two carriers happen to be here in this Appendix A is because they were entered by me on the work sheet, and since they were shown as irregular common carriers, in checking their certificate or application or recommended order, handling commodities generally between these points, they were automatically entered on this exhibit which we prepared.

All of these carriers, except those two, as I said, are regular common carriers operating between those points, handling commodities generally. It does not include irregular common carriers, except those two. It does not include contract carriers, private carriers, railroad competition, or water line competition.

By Mr. JOSELOFF:

Q. Now, Mr. O'Day, as I understand this exhibit, it is supplementary to the exhibit introduced by Mr. Henry Howell, of the McCarthy Freight System, regarding—

A. That is right.

Q. Let me finish my question. Regarding existing competition in New England with the lines of McCarthy and Consolidated?

A. That is correct.

Q. It is confined, then, to the so-called longer line routes, that is, between certain New England points and these points of New York City and below New York City.

A. Just those between New England points as enumerated here on the exhibit on the one hand, and New York, N. Y., Jersey city and Newark, N. J., and Philadelphia, Pa., on the other hand.

Q. This does not, then, purport to show the remaining or existing motor carrier competition of the entire routes of Consolidated Motor Lines?

1013 A. Oh, no; absolutely not.

Q. Now, looking at page 1, the column "Route 1 Series," will you explain by an example or two just how this exhibit reads and what it purports to describe?

A. Under the caption of "Routes" there in the second column, "Route 1 Series," we will take route 1A. That purports to show services between Lawrence, Mass., and Philadelphia, Pa. Route 1B—

Q. No; just complete what that shows. In other words, just run through the entire description to show what that reading will indicate as to competition, et cetera.

A. I see. Route 1—

Q. Route 1A.

A. Route 1A is designed to show the through service between Lawrence and Philadelphia, showing that we have developed that five carriers operate between those two points from the list of carriers which is entered, for the main part, from my own knowledge on the work sheet.

Q. Now, that number of carriers appears posted on the horizontal column headed "Number of Carriers."

A. That is correct.

Q. Let us take the point of Providence, R. I., under the route 1 carriers. What would that indicate?

A. That would indicate the through service from Providence to Philadelphia under route 1-C, showing that six carriers of
1014 enumerated in Appendix A of this exhibit operate between those two points.

Q. Then, these vertical lines in the column "Route 1 Series," being of dissimilar lengths, indicate what, Mr. O'Day?

A. They indicate the through service from the various points in New England, on the one hand—between, rather, the various points in New England, or these three States in New England, rather, on the one hand, and Philadelphia, on the other hand.

Q. Let us take the column "Route 2C Series." Will you explain how that is to be read, with a typical example or two?

A. Route 2A, for example, is designed to show through service between Lawrence, Mass., and Newark, N. J., and that shows that 10 carriers of the total number of carriers listed in Appendix A of this exhibit as operating between those two points.

Q. How do we know it is supposed to indicate service between these representative points and Newark? I want you to explain, in other words, why the lines in the column "Route 2 Series" are cut off at the bottom and are not as long as the lines in your column "Route 1 Series."

A. Well, we purported to show the through service from these points in Massachusetts and Rhode Island, or, rather, between these points in Massachusetts, Rhode Island, and Connecticut, as listed, on the one hand, and Philadelphia, on the other hand,

in one instance, and that is provided for under "Route 1
1015 Series." Then we purported to show the service between those same points in those New England States, on the one hand, and Newark, N. J., on the other hand. In the third column—

Q. That is the column headed "Route 3 Series"?

A. The column headed "Route 3 Series"—we purport to show the through service between these same points in these three New England States, on the one hand, and Jersey City, N. J., on the other hand.

Q. And that theory is followed—

A. Followed right through.

Q. From pages 1 to 4 of this exhibit?

A. That is correct.

Q. Except that on page 2 you have different origin points.

A. That is correct.

Q. That is, on the successive pages you have different origin points, but the identical destination points, New York, N. Y., Jersey City and Newark, N. J., and Philadelphia, Pa.; is that correct?

A. That is correct.

Q. Now, looking at Appendix A of your exhibit, is that to tie in the various carriers with the numbers listed on the first four pages of your exhibit?

A. That is correct.

Q. And these carriers are listed alphabetically?

1016 A. That is correct.

Q. Were you here during Mr. Henry Howell's testimony yesterday, Mr. O'Day?

A. Yes; I was.

Q. You heard him testify and introduce an exhibit concerning remaining competition with the lines of the McCarthy Freight System and Consolidated Motor Lines; you heard that testimony?

A. Yes.

Q. From your own knowledge and experience and opinion, and any other information that you have, I ask you whether or not you concur in that testimony?

A. Yes; I do.

Q. Now, is there any other carrier in the proposed unification having the same operating rights as Consolidated Motor Lines, Inc., as set forth in this particular exhibit?

A. No; there is not.

Q. So that from that standpoint, insofar as this particular exhibit is concerned, then, there would be no elimination of competition?

A. That is correct.

Q. Now, does this exhibit purport to represent the existing or remaining competition between the points of New York, N. Y., and Philadelphia, Pa.?

A. No; it does not. We did not provide for that part or that section of the territory in this exhibit.

1017 Q. From your personal knowledge and from your many years of experience in the motor-carrier industry, and in traffic work, what can you tell us about the existing competition between New York and Philadelphia?

A. I would say that very severe competition exists between those two points. That is common knowledge, and I believe it is generally known that there are hundreds of carriers operating between those two points.

Q. Will you please name for the record a few of the larger ones.

A. Well, there is Davidson Transfer & Storage Company of Baltimore, Md.; Pyramid Motor Express, New York, N. Y.; Shein's Express, New York, N. Y.; York Motor Express, York, Pa.; Baltimore Transfer & Storage Company, Baltimore, Md.; W. T. Cowan Company, Baltimore, Md.; Service Transportation Company, New York, N. Y.; L. S. Filbert, Inc., Philadelphia; Miller Transport, Philadelphia; Seaboard Freight Lines, Inc., New York, N. Y.; Saul Trucking Company, Philadelphia, Pa.; New York & New Brunswick Auto Express, I believe it is, New Brunswick, N. J.; Kirby & Kirby, Trenton, N. J.; Edward T. Conen, Brooklyn, N. Y. They are some of the larger carriers operating between those points.

Q. How many carriers have you listed on this Exhibit No. 14, Mr. O'Day?

A. Approximately 75 or 76 carriers.

1018 Q. And, as you have stated, this is a partial list of carriers, not the entire list of competing carriers?

A. I would say it is very restricted.

Q. You testified, I believe, that you have personal knowledge of the existence of these carriers, and that you prepared the list originally by jotting down carriers of which you had personal knowledge or heard about, and then checking through their operating rights in the Commission's files; is that correct?

A. That is correct, in the main.

Mr. WIPRUD. Will you explain the expression "in the main"?

The WITNESS. Well, in those instances, I would say that in at least 75 of these carriers—

By Mr. JOSELOFF:

Q. Are those of which you have personal knowledge.

A. Those of which I have personal knowledge.

Mr. WIPRUD. I did not mean to interrupt you.

Mr. JOSELOFF. That is all right.

By Mr. JOSELOFF:

Q. Now, in addition to what you have already testified, what can you tell us about the existing or remaining competition insofar as interchange of freight or concurrences are concerned?

A. Well, we have a great deal of competition between New England, on the one hand, and these points in New York and New Jersey, particularly, on the other hand, in the form of water carriers, contract carriers, private carriers, irregular common carriers, and small carriers who handle a great deal of traffic on through rates, under joint working arrangements.

Q. Is there also competition with carriers handling specific or limited commodities?

A. That is true. I forgot about that. We did not attempt to take all, though I did notice in going through the files of the Commission over there that there was a number of carriers who were authorized to handle specific commodities only, which we did not attempt to include in this exhibit.

Mr. JOSELOFF. That is all on direct.

Exam. BAKER. Cross-examine.

Cross-examination by Mr. Fagg:

Q. Did you define specific commodity carriers?

A. In this exhibit?

Q. In your testimony?

A. Did I define them?

Q. Yes; what are they?

A. Well, those are common carriers who are authorized to handle just specific commodities.

Q. Restricted as to the number of commodities they can handle?

A. Well, not the number—the type or class of commodity which they can handle.

Q. Are they in any way a contract carrier?

A. Well; no. They are limited to common carriers—restricted only to the handling of certain commodities.

1020 Q. Over all routes?

A. Over all routes? Just what do you mean by "all routes"?

Q. Wherever they might operate.

A. Wherever they have been granted authority to operate.

Q. Does your Exhibit No. 14 include intrastate common carriers?

A. It does not.

Q. Does it include intrastate contract carriers?

A. It does not.

Q. Does it include intrastate special commodity carriers?

A. It does not.

Mr. Fagg. That is all.

By Mr. Macdonald:

Q. Mr. O'Day, will you state for the record whether all of these carriers are class I carriers?

A. That I can't say. I do believe, though, that a good part of them are class I carriers.

Q. Will you kindly identify those which are class I carriers.

A. Well, I cannot identify all of them. I believe I can identify some of them.

Mr. JOSELOFF. Mr. Examiner, is not this a matter of which the Commission has personal knowledge or records of in its own files?

Mr. Macdonald. Mr. Examiner, before you decide on that, I would like an opportunity to say that these are taken from the files of the Commission. If it is necessary to take any-
1020 thing, it seems to me it is also necessary that the information should be complete to indicate what it intends to indicate.

Exam. BAKER. The witness may answer, in so far as it is within his knowledge.

A. A. B & C Motor Transportation; Ace Transportation; Adlay Express; Interstate Magazine Haulers; Laskas Motor Lines, Inc.; Laube Motor Lines, Inc.; Lombard Brothers, Inc.; Lowell Trucking Corporation; M. & R. Transportation, Inc.; Moshassuck Transportation Company; National Transportation Company, Inc.; Old Colony Forwarding Corporation; Perrett & Glenny, Inc.; Rickard & Sons, Inc.; H. C. Roulston, Inc.; E. J. Scannell, Inc.; Seaboard Freight Lines; H. T. Smith Express Company; Sommers Motor Lines Company, Inc.; A. Towle Company; White Line Motor Express, Inc.; and Wooster Express, Inc. I feel quite sure that virtually all of those are class I carriers.

By Mr. Macdonald:

Q. And that would necessarily result in the others not having over \$100,000 a year gross operating revenue?

Mr. JOSELOFF. I object to that question. I do not think the witness stated that, nor do I think that is the intent of his answer.

Exam. BAKER. Mr. Macdonald, while I permitted the witness to answer the other question, we have entered into a stipulation that we might refer to the annual report to the Commis-
1022 sion as to the revenues of these carriers. It seems to me that is the best evidence. What this witness says may be correct or incorrect.

Mr. MACDONALD. Would it be in this record, Mr. Examiner?
Exam. BAKER. It has been incorporated by reference.

Mr. MACDONALD. You mean that the Commission has the privilege of going to the annual reports, but unless it is in this record they will not be available for any analysis of the testimony or exhibits offered by applicant?

Exam. BAKER. Any of the parties has the privilege of going to those records and arguing the questions on brief, the same as if it were in this record. The purpose of incorporating them by reference is to avoid making this record too formidable, and we want to shorten it as much as possible. I see no point in duplicating that here. That is better evidence.

Mr. MACDONALD. Insofar as the competitive picture is concerned, Mr. Examiner, we feel that the record should be formidable. We feel that it is necessary for us to do it in order to have the complete picture.

Exam. BAKER. Well, obviously, this witness is not in a position to state whether the revenues of these carriers are all over a hundred thousand dollars. I do not feel that the evidence would be of great weight.

Mr. JOSELOFF. Mr. Examiner, may I ask a question—I mean of you or anybody?

1023 I do not understand that the documents from which this information is secured shows whether they are a class I carrier or not.

Exam. BAKER. The certificate dockets, of course, do not. The annual reports of the carriers would show that.

Mr. MACDONALD. Necessarily, if they are not class I carriers they fall in a lower classification, as I understand it.

Exam. BAKER. I feel that your last question is objectionable. It assumes something that is not in the record. If you want to rephrase your question, you may do so.

By Mr. MACDONALD:

Q. What do you understand, Mr. O'Day, to be the requirement for listing as class I carriers?

A. Carriers having a gross income of \$100,000 or more a year.

Q. In regard to the carriers shown on this Exhibit 12—

Mr. JOSELOFF. You mean Exhibit 14.

Mr. MACDONALD. Exhibit 14. Thank you.

By Mr. MACDONALD:

Q. Can you state what local routes in the New England-Massachusetts area, by way of example, any one of these carriers might have, in addition to its route over the North-South area, from the point of its origination to New York, Jersey City, Newark, or Philadelphia?

A. I don't quite understand that question.

Mr. MACDONALD. Mr. Reporter, will you read the question, please?

(Question read.)

1024 Q. A. I believe that was taken care of to a great extent in the testimony offered by Mr. Howell yesterday. You are asking for through routes which these carriers, certainly some of these carriers in this exhibit, operate over within New England; is that correct?

Q. That is right. Can you answer that question?

Mr. JOSELOFF. I have no objection to it as such to the answering of that question, but I do not like to see it go too far afield. Mr. Examiner. In other words, this exhibit deals with routes between New England and New York, N. Y., and points south. Now, the question to Mr. O'Day deals with routes within New England, which is outside the scope of this particular exhibit.

Exam. BAKER. I will let the witness answer, if he knows. We will see how far it goes.

Mr. MACDONALD. May I state for the record at this time, Mr. Examiner, that we appreciate the desire of the applicant not to enlarge the scope of their exhibits, but we feel it is part of our case, and to demonstrate it to the applicant witnesses is a part of our case, and as I understand it that is a privilege we have, and if the applicant chooses to confine it to certain local areas, it is our privilege to demonstrate the entire relationship between these areas.

Exam. BAKER. You may question him.

Mr. MACDONALD. Thank you.

1025 Exam. BAKER. But I do wish to impress on all parties that they should try to keep this examination within reasonable limits.

The WITNESS. Are you speaking now of interstate operations or of both?

By Mr. MACDONALD:

Q. I am speaking of these carriers which, as I understand it, operate from originating points in the New England area in the more or less long-haul operations down into points between New York and Philadelphia. I want to know what local rights or operating routes they maintain in the New England area which would serve as feeders to their long-haul operations?

A. Well, A. B. and C. of course, operate in Fitchburg, Mass. I believe they also cover Leominster, Greenfield, Worcester, and Boston, and Ayre, Mass. Adley Express covers virtually all points in the States of Connecticut, Massachusetts, and Rhode Island.

Q. Taking those two by way of example, are there areas in which A, B, & C. Motor Transportation Company does not draw from the New England States?

A. Oh, yes; there are.

Q. Excluding New Hampshire, Vermont, and Maine from consideration.

A. I do not believe that they operate into those States.

Q. Are there areas in Connecticut, Rhode Island, or 1026 Massachusetts through which they do not operate?

A. Yes; I believe there are areas, but I do not pretend to know the operating rights of all of these carriers, to answer these questions in their entirety.

Q. Very well. Does your Exhibit No. 14 give any indication as to the comparative gross operating volumes of these carriers?

A. No; it does not.

Q. Does it give any indication as to the number of vehicles operated by each of these carriers?

A. No; it does not.

Q. I believe you stated, Mr. O'Day, that you had some water competition over the routes which your exhibit covers.

A. Yes; it has.

Q. Will you state what that is.

A. Thames River Line, operating out of Bridgeport, covering most of Connecticut via truck operations; Merchants & Miners Transportation Company out of Boston—

Q. Will you please explain—

Mr. JOSELOFF. Why not allow him to finish his answer?

The WITNESS. Yes; let me finish it.

Mr. MACDONALD. All right.

A. Old Colony Navigation Company out of Providence—all of these operate in connection with motor carrier lines. Inci- 1027 dentally, it was pointed out in the first report issued either by the Examiner or the Commission—I just can't recall which—in the MC-22 case, Minimum Rate Order case—in there either the Examiner or the Commission made reference—

Mr. MACDONALD. I do not believe this answer is responsive, Mr. Examiner.

Exam. BAKER. Omit any reference to the MC-22 case.

A. It is generally known, then, that—

Mr. MACDONALD. I believe this is going to be hearsay.

Mr. JOSELOFF. Why don't you wait and see.

Mr. MACDONALD. You asked for the witness of having an opportunity to answer, but he does not seem to want to have it.

The WITNESS. It is not hearsay. As I tried to explain, it is in the report, the first report, I believe—

Exam. BAKER. Just do not refer to the report, but testify to your own personal knowledge.

The WITNESS. The water lines operating between these points, these water lines that I mentioned, to New York and New Jersey area, has certain differential rates, the motor truck operators, and motor common carriers, although their service is comparable.

By Mr. MACDONALD:

Q. Do they carry the same type of merchandise?

A. Yes; commodities generally.

Q. Is it bulk largely, or is it package freight?

A. Well, it is both, I presume.

1028 Q. Will you state which of these lines, if you know, have through rate agreements with operators into the Southern territory, such as Horton and Barnwell?

Mr. JOSELOFF. I object.

Mr. SULLIVAN. Wait. We do not object.

Mr. MACDONALD. Get together, boys.

Exam. BAKER. Come to order, please. The objection is overruled. Do you understand the question?

The WITNESS. Yes; I do. You wish to have me name these carriers which, to my knowledge—

By Mr. MACDONALD:

Q. Will you indicate with which lines they have that arrangement, if you know?

A. I will try to answer that question. These carriers would have joint through rates in connection with the rates published in the carriers named in the Southern Motor Freight Conference tariffs. I believe that is the correct name. I believe it is issued by Shumate, Agent, at Atlanta, Ga. I believe the Adley Express Company is a party to that tariff.

Q. We will limit the question to exchanges which you know to exist with Horton and Barnwell on joint rates.

Exam. BAKER. Mr. Macdonald, do you mean whether or not the carriers actually interchange with Horton and Barnwell, or are you asking him as to whether they have joint rate arrangements with Horton and Barnwell?

1029 Mr. MACDONALD. I am asking him—well, I can ask it both ways, Mr. Examiner. My question was whether they had through rate arrangements. I know that is in the files of the Commission, but it is not of record here. If the question is consequently objectionable, I will ask it as you suggest, if he knows what would be the case as to actual exchange on through rates.

EXAM. BAKER. I am not trying to limit you, but I am merely trying to ascertain what your question is. You can ask him either one you choose.

THE WITNESS. You mentioned interchanges. Is that interchange of traffic that you are talking about?

By Mr. MACDONALD:

Q. Of lading.

A. I mentioned Adley Express Company, Inc.

EXAM. BAKER. Which way are you answering now, Mr. O'Day? Are you stating the companies which you know interchange with Horton and Barnwell, or those which have rate arrangements under which they make interchange?

THE WITNESS. I was attempting to answer the first one, those that operate under joint through rate adjustments with various carriers. You see, in these tariffs the carriers in New England are probably restricted in their interchange operations with 1030 different carriers operating to the South, and yet they are a party to this agency tariff which I referred to a moment ago.

EXAMINER BAKER. Would Horton and Barnwell be parties to that tariff?

THE WITNESS. That is correct.

By Mr. MACDONALD:

Q. Did I understand you to say that some of these carriers would be restricted from these tariffs?

A. Restricted from them?

Q. Yes.

A. They would not be in there if they were restricted from them.

Q. That is the point, is it not—unless they are included they would not share in this interchange of lading.

A. No. Then you would have a combination of rates. There is nothing to prevent them from interchanging lading with southern carriers on a combination of rates.

Q. Will you kindly go back to the first question and state, if you know, what carriers of this group have through rate arrangements with Horton and Barnwell?

A. That was the second question, I believe.

Q. Well, that is not important.

A. Adley Express Company, again—I don't know; I don't think I could give you anything further in a definite way on that. I would be merely guessing.

Q. Very well.

1031 Will you state for the record whether the Magazine Haulers Corporation, listed on page 14, is actually engaged in the carriage of general commodities, whether it is limited?

A. I believe, if it is on this appendix, they are supposed to be authorized to handle commodities generally.

Q. Do you know that they actually do handle commodities generally?

A. I believe they do. As a matter of fact, I am quite sure that they handle commodities, various commodities.

Examiner BAKER. You do not know whether they are authorized to do it?

The WITNESS. According to this exhibit, which we compiled from the dockets over at the Interstate Commerce Commission Building—

Examiner BAKER. You cannot state definitely that the files of the Commission indicate that they are authorized to haul—

The WITNESS. I didn't, personally, go through all of these certificates myself. Somebody else may have gone through that particular one.

By Mr. MACDONALD:

Q. I will ask you the same question in regard to Textile Motor Express, Inc.

A. Textile Motor, I believe, has been authorized to handle commodities generally, as an irregular common carrier.

Q. Do you know of your own knowledge whether they actually do engage in general freight carriage, or whether it is
1032 limited to a very few commodities?

A. Whether what is limited?

Q. Their actual operations as distinguished from their rights.

A. No; I couldn't say that. We don't follow these trucks around all day to see what is on them.

Mr. MACDONALD. Very well. That is all I have.

Examiner BAKER. Is there any further cross-examination?

Mr. MILLER. I have a few questions.

By Mr. MILLER:

Q. Mr. O'Day, do you know of any one carrier operating between New York City, Philadelphia, and New Jersey points, on the one hand, and New England and New York points on the other, having rights as extensive as the combined operations of Consolidated, McCarthy, and Moran?

A. I didn't get the first part of that question.

Q. Do you know of any one carrier having rights as extensive as the combined rights of McCarthy, Consolidated, and Moran?

A. Yes; I believe I do. I think I will say that Liberty Freight Company, Spector Motor Lines, Keeshin—

Q. Just a moment. Would you mind looking at those carriers that you have named in your Appendix A—

Examiner BAKER. I believe he misunderstood your question, Mr. Miller.

The WITNESS. I don't think Mr. Miller referred to the exhibit, Mr. Examiner.

Examiner BAKER. Mr. Miller referred to any one company that had routes as extensive—I assume you refer to companies which have routes as extensive in this particular territory; is that correct?

Mr. MILLER. That is right—carriers operating between New York City, Philadelphia, and New Jersey points, on the one hand, and New England and New York points, on the other.

A. I believe these carriers such as I have mentioned, and others that I attempted to mention, have a very broad scope of authority, which covers practically the whole Official Classification territory.

Exam. BAKER. Very well, if you understand the question.

The WITNESS. I understand the question.

By Mr. MILLER:

Q. Your answer is not exactly responsive. You know of no one carrier that has rights as extensive as those combined rates of McCarthy, Consolidated, and Moran combined rights?

Mr. SULLIVAN. He stated he knew of four.

By Mr. MILLER:

Q. Well, name them.

Mr. SULLIVAN: He did.

A. I did. I named Liberty Freight Company, I believe, Spector Motor Lines, Interstate Freight System—

Mr. SULLIVAN. You named Seaboard, did you not?

The WITNESS. Keeshin-Seaboard. I believe there is Monarch Freight System; there is All-States.

By Mr. MILLER:

1034 Q. I am afraid you still do not understand my question.

I mean carriers that would be competitive in this territory operating between these points. Now, I assume that if Liberty was a carrier that operates between these points, you would show that on your exhibit here and identify it?

A. That is correct; but I also forgot to list the New England Transportation Company there, if you will notice. As I mentioned a while ago, we were unable to secure a lot of these certificate dockets out of the Interstate Commerce Commission files.

Mr. JOSELOFF. This list is only a partial list; is that correct?

The WITNESS. That is correct. I believe I explained that two or three times before.

By Mr. MILLER:

Q. Well, you mentioned one carrier, Monarch. What is the full name of that.

A. Monarch Motor Freight Express System, I believe it is.

Q. Where do they operate?

A. They operate in Indiana, Ohio, New York, Connecticut, Massachusetts, Rhode Island, New Jersey, and Pennsylvania.

Q. On page 1 of Appendix A of your exhibit, I notice you list ACE Transportation Company, Akron, Ohio. Are you familiar with the operation of that company?

A. Only that I know that they are a common carrier authorized to handle commodities generally, I believe, between these 1035 points. There is another one of those carriers that would probably go into that same list of carriers that I might have mentioned.

Q. Would you say that ACE Transportation is a carrier engaged in transportation between points in New England and points in New Jersey, New York City, and Pennsylvania—would you say that ACE Transportation Company possibly is engaged in transportation between eastern points and points in southern territory?

A. I would like to answer that question by injecting a question, as to what they are going to do tomorrow, and next week and next month—

Exam. BAKER. Answer the question.

By Mr. MILLER:

Q. Would you say of your own knowledge that you know that ACE Transportation Company is presently engaged in transportation between points in Eastern territory and Southern territory?

A. I wouldn't say that. In the last year or so we have experienced quite a bit of competition from those carriers which I have mentioned between Massachusetts and Connecticut points, on the one hand, and New York, New Jersey, and Pennsylvania points, on the other, and points in the upper northwestern New York State.

Q. Rendering a direct service where you would have to interchange; is that correct?

1036 A. Between what points?

Q. Between the points you mentioned, Central territory and Western New York State.

A. We offer a through service between those points.

Q. Does your company carry on interchange in New York and Philadelphia which the number of carriers operating through Virginia and North Carolina and points in the other Southern States?

A. Interchange what?

Q. Freight.

A. Freight? We carry on some interchange of freight; yes.

Q. Could you name me the carriers that Consolidated interchanges with you in New York that are operating into Southern States?

Mr. JOSELOFF. Mr. Examiner, I think we are getting a little far afield again. I think that testimony was brought out when Mr. Abour testified. We then went into the question of interchange, and this would be merely repetitious. This witness can answer it, but it is duplication.

Mr. MILLER. I think he has qualified himself on the record.

Exam. BAKER. Let him answer. Go ahead.

A. Do you want the names of the carriers with whom we interchange traffic?

By Mr. MILLER:

1037 Q. In New York, with carriers operating into the Southern States.

A. Well, we operate with any number of carriers in the South and Southwest out of New York. I don't know who we are going to interchange freight with. We get routing orders that these particular shipments be routed via these different carriers.

Q. Carriers other than Barnwell and Horton?

A. Oh, yes; absolutely. It is apt to be any carrier operating between those points.

Q. Now, in the event that this unification is approved, will that interchange be continued?

Exam. BAKER. Mr. Miller, I do not believe he is qualified to answer that question. He is not an executive officer of the company.

By Mr. MILLER:

Q. I believe you stated that a number of New England carriers, to your knowledge, had restrictions in tariffs in connection with the interchange of freight.

A. Well, I don't think I said a number of carriers. I believe I said that some carriers do have restrictions as to working arrangements with other carriers, but both of them are wide open in the tariff. I believe you are aware of that.

Mr. MILLER. That is all I have.

Mr. MACDONALD. I have a further question or two.

Exam. BAKER. Mr. Macdonald, I am going to permit it this time, but in the interest of orderly procedure, the intervenors should finish their cross-examination at one time and not go
1938 back and forth between each other.

By Mr. MACDONALD:

Q. Does Consolidated have published through rates with carriers operating from interchange points in New York, Pennsylvania, and New Jersey, into the South?

A. All the carriers—

Q. Can you answer my question?

A. Well, unless you mention the carrier's name. Do you mean all the carriers?

Q. All motor carriers.

A. Oh, all motor carriers operating to these points—

Exam. BAKER. Read the question, Mr. Reporter.

(Question read.)

Mr. MACDONALD. That question is susceptible of a "yes" or "no" answer.

Exam. BAKER. Apparently he means any carrier.

The WITNESS. Any carrier means all carriers. Now—

Mr. SULLIVAN. Just answer it.

The WITNESS. We do interchange freight with a great number of carriers operating to those States.

By Mr. MACDONALD:

Q. On joint rates?

A. On joint rates; on joint through rates.

Mr. MACDONALD. That is all I have.

Mr. BURNETTE. I have one question, please.

By Mr. BURNETTE:

Q. Mr. O'Day, a shipment from Boston—you serve Boston, don't you?

1039 A. Yes; we do.

Q. On a shipment from Boston, Mass., to Lynchburg, Va.—

A. To where?

Q. To Lynchburg, Va.

A. Yes.

Q. You would move that shipment now in connection with Consolidated to New York and Barnwell to Lynchburg; is not that true?

A. That I don't know. I don't attempt to memorize what carriers serve all these transfer points, or where we interchange, whether it be at New York or Philly or Newark or where.

Q. Well, I have this in mind, and maybe you can give me the answer: From Boston to New York, Consolidated, and then from New York to Lynchburg we have Barnwell, Mundy, and Brooks. Now, at the present time we can designate any one of the three. If this proposed merger goes through will there be any change in that condition?

Exam. BAKER. He cannot answer that, Mr. Burnette.

Mr. BURNETTE. He cannot answer it?

Exam. BAKER. That is the question Mr. Miller asked a little while ago. He is not an executive officer of the applicant and cannot pass on a question of policy in the future.

The WITNESS. Although, Mr. Examiner, if it was routed by one or any carrier which he designated, I think they would honor that route.

1040

By Mr. BURNETTE:

Q. Mr. O'Day, speaking of your routes, are you familiar with the tariffs in which the rates are published?

A. Which tariffs?

Q. Tariffs from New England to Southern territory—through the Carolinas, for instance.

A. Do you mean the southern tariffs?

Q. Well, regardless of which tariff it is in, does the motor carrier tariff apply from New England to Southern territory—Carolina territory, for instance?

A. All territory.

Q. Carolina?

A. I am familiar to a certain extent—I am, of course, familiar generally with all tariffs. I don't attempt to go into detail because I have others doing that.

Q. But do you know whether or not there is a minimum charge on tariff from Boston, Mass., to say, for instance, Greensboro, N. C.?

A. Minimum charge?

Q. A minimum charge. For instance, if a commodity is rated third class, and two or more carriers handled it, they provide a minimum in the tariff, say second class, 85 percent. Are you familiar with it?

Exam. BAKER. Mr. Burnette, I am sorry to inject, but if we get into the rate situation here we do not know how long
1041 this hearing is going to last. I do not believe that is relevant to this case.

Mr. BURNETTE. I think it is of material interest to us to know whether or not the consolidation will eliminate that or if it will restrict it. Of course, if he is not qualified, that is different.

Exam. BAKER. As I stated before, that is a question, it seems to me, that should be directed to some responsible official of the applicant as to what its policies will be in the future.

Mr. BURNETTE. Well, I was speaking of the present, how the tariffs are set up today.

Exam. BAKER. How is that relevant to a proceeding to determine whether or not this unification is consistent with public interest?

Mr. SULLIVAN. You know the answer, don't you?

Mr. BURNETTE. Yes; I know.

Mr. SULLIVAN. We will stipulate that you may put the answer into the record.

Mr. BURNETTE. How?

Mr. SULLIVAN. We will stipulate that you may put the answer you have in mind into the record, that the fact is thus and so.

Exam. BAKER. I see no point in that.

Mr. SULLIVAN. I mean, if he wants to develop it, to cut
-1042 it short.

Exam. BAKER. My only purpose is to try to keep this hearing within reasonable limits. Have you any further questions, Mr. Burnette?

Mr. BURNETTE. No. That is what I wanted answered.

Exam. BAKER. Will you state the purpose of your question?

Mr. BURNETTE. Well, the purpose of the question was to know whether or not there would be any change in the rates from the present set-up. At the present time, if the traffic is handled over two carriers the minimum is one thing. If it is handled over three or more carriers the minimum is still something else; that is, on traffic between New England and the Carolina territory. Take, for instance, Consolidated, Barnwell, and Horton. They are three which at the present time provide a certain minimum charge in the tariff per shipment. If they consolidate this minimum would not apply in the future. You see the point I am trying to develop, if there would be any change in that.

Exam. BAKER. I still think this witness is not qualified to answer the question.

Mr. BURNETTE. He said he was familiar with the rates and that is the reason I asked him.

Exam. BAKER. Are there any further questions?

Mr. JOSELOFF. I have just two short questions on redirect.

1043

Redirect examination by Mr. JOSELOFF:

Q. Do you know whether or not a water carrier operates between Boston and points, New York City and south thereof, as mentioned in your exhibit?

A. Yes; they do. I am sorry I overlooked mentioning them.

Q. And whether or not you, in preparing this exhibit, and those whom you instructed, took the pains to compare the docket numbers in the Commission's files to determine that commodities generally would be handled by these carriers listed in your exhibit?

Mr. WIPRUD. I object to the question as leading. Let the witness say what he did.

Exam. BAKER. Let him repeat the question. I did not hear it. (Question read.)

Mr. WIPRUD. It is certainly leading.

Mr. JOSELOFF. That question is not leading. I asked him whether or not.

Exam. BAKER. Objection overruled.

A. In this exhibit are shown only carriers which have been authorized to handle commodities generally, as we developed it from the docket certificate files in the Interstate Commerce Commission's office here at Washington, D. C.

Mr. JOSELOFF. That is all.

Exam. BAKER. The witness is excused.

1044 Mr. JOSELOFF. May I introduce this exhibit now as a full exhibit?

Exam. BAKER. Applicant's Exhibit No. 14 will be received in evidence.

(Exhibit No. 14, Witness O'Day, received in evidence.)

(Witness excused.)

Mr. SULLIVAN. We will recall Mr. Reicher.

HARRY J. REICHER was recalled and testified further as follows:

REDIRECT EXAMINATION

Mr. SULLIVAN. Shall I proceed?

Exam. BAKER. Yes.

By Mr. SULLIVAN:

Q. Mr. Reicher, yesterday you were asked in cross-examination some questions involving the net worth of the Arrow Company. I wonder if you would tell us something about the net worth of the Arrow Company, how it appears they acquired it, in what manner the assets of that company generally are split up, and other things you feel might be of interest in respect to that subject.

Mr. FAGG. Has the cross-examination of this witness been completed, and are you putting him back on redirect?

Mr. SULLIVAN. I am bringing him back on redirect and anybody can cross-examine him.

A. Arrow Carrier Corporation has a net worth of \$917,1045 887.92 as of April 30, 1941. The net worth consists of current assets, including cash, accounts receivable, and so forth, of \$228,854.23.

By Mr. SULLIVAN:

Q. You are reading from some page of Exhibit 12, Mr. Reicher?

A. I am reading from page 1 of Exhibit 12.

Exam. BAKER. Let us try to avoid reading from the exhibit. If there is any point you want to explain, it will be satisfactory to do that, but there is really no good reason to duplicate what is already in the record.

The WITNESS. If the Examiner please, the only thing I wish to indicate is that the assets of Arrow include land and real estate, which would come out in this summary testimony, summarizing the balance sheet.

Exam. BAKER. Well, proceed to explain that.

The WITNESS. All right. The net worth is largely invested in land and buildings, being a net worth of \$360,000, which is the type of asset most of the other carriers do not have, and which largely explains the large net worth in Arrow as compared with the other carriers.

By Mr. SULLIVAN:

Q. The other carriers, as I understand you, then, mainly lease their properties and pay rent for them, and which, in turn, comes out of earnings?

A. You are referring to terminals? That is correct.

1046 Q. Terminals.

A. Yes; whereas in the Arrow case they have invested their capital and surplus, or a large part of it, in terminal buildings which they own, instead of leasing.

Q. Suppose you answer this question: How did the Arrow Carrier acquire that net worth? Have you anything there that shows how they acquired their large capital and surplus?

A. Arrow Carrier has an invested capital of \$210,000, in addition to which it has consistent earnings all during the years, which were not distributed. The report, on page 12 of the exhibit, shows consistent earnings from 1932 to date. Arrow was in business long before that, and its earnings have been fairly consistent back to 1925, I believe.

Q. So they are like the fellow that saves his money, puts it in the bank and does not spend it, and when he gets through he has a good net worth for himself.

A. That is correct.

Mr. WIPKUD. That is not testimony. I think we should swear counsel.

Mr. SULLIVAN. I wonder if I could at this time have this balance sheet of the Arrow Corporation marked for identification.

Exam. BAKER. Are there two sheets to this?

Mr. SULLIVAN. Two sheets. It completes the whole balance sheet. The purpose of this is to bring into the record the
1047 note on the bottom of the liability side of this balance sheet, which is the balance sheet attached to the contract between the Transport Company and Associated Transport Company. This accounts for the Hamilton transaction and shows how it was handled.

Exam. BAKER. The document described, consisting of two sheets, and entitled "Exhibit C. Balance Sheet Arrow Carrier Corporation, April 30, 1941," will be marked for identification as Applicant's Exhibit No. 15.

(Exhibit No. 15, Witness Reicher, marked for identification.)

Exam. BAKER. You may proceed, Mr. Sullivan.

By Mr. SULLIVAN:

Q. Mr. Reicher, you are familiar with the contract between the Transport Company and the Associated Transport Company?

A. Yes, sir.

Q. Involved in this application?

A. Yes, sir.

Q. Did you prepare the financial exhibits, or were they prepared under your supervision and attached to the application to this case?

A. Yes.

Q. I show you Applicant's Exhibit No. 15, for identification, and ask you if that is a copy of the balance sheet submitted by the Transport Company as part of its contract in this
1048 transaction.

A. I believe it is, sir.

Q. And that is the one from which you worked in preparing your exhibit?

A. Yes, sir.

Q. Are you familiar with the note on the bottom of the second of these two sheets of Exhibit No. 15, for identification, entitled "Liabilities, Capital and Surplus"?

A. Yes, sir.

Q. And did you give effect to the provisions of that note in preparing your exhibits and in the figures that you have used here?

A. Yes; I did.

Q. In Exhibit No. 12 as well as in the application?

A. Yes.

Mr. SULLIVAN. I offer this exhibit in evidence, Mr. Examiner. You requested earlier in the proceedings that we produce it for you.

Exam. BAKER. Is there any objection?

Mr. WIPRUD. No objection.

Exam. BAKER. Applicant's Exhibit No. 15 will be received in evidence.

(Exhibit No. 15, witness Reicher, received in evidence.)

1049 The WITNESS. I wish to correct a statement I have made.
Mr. SULLIVAN. All right.

The WITNESS. I am not sure whether this balance sheet is identically the same as the balance sheet which we worked with in the preparation of this statement or this exhibit.

Mr. SULLIVAN. You mean in Exhibit 12.

The WITNESS. Exhibit 12.

Mr. SULLIVAN. Was it the balance sheet that was attached to the contract in the Arrow-Transport case, the one you held in your hand?

The WITNESS. Yes.

Mr. SULLIVAN. Exhibit No. 15.

The WITNESS. I cannot answer that because I have not the contract, but it looks substantially the same. The reason I raise the question is this: This balance sheet appears to show capital and surplus of \$893,466.89, whereas the balance sheet, as we showed it and from books of Arrow Carrier Corporation, is \$910,666.06, making a difference of \$17,000 between the two balance sheets. In other words, the balance sheet now being submitted is \$17,000 less per books than the balance sheet as it is reflected in Exhibit No. 12 as per the books.

Mr. WIPRUD. Mr. Examiner, I do not know how we are going to have two balance sheets, each of which is correct, if they are different.

1050 Mr. SULLIVAN. That is what I think.

Exam. BAKER. Off the record.

(Discussion off the record.)

Exam. BAKER. Back on the record.

By Mr. SULLIVAN:

Q. Now, Mr. Reicher, I want to ask you with respect to the information contained on the last two pages or so of Exhibit 12, if you can tell us or give us any reasons why you feel that these com-

panies need additional working capital, when they appear to have gotten along without working capital for the last eight or nine years.

A. Might I start by saying that the fact that they have gone along without capital is no indication that—gotten along with insufficient working capital is no indication that the companies are on a good sound footing. The statement on page 26 of the exhibit shows that these companies are employing approximately \$1,500,000 of their creditors' moneys in their fixed investments. If, for some reason, they were estopped from operating for a limited number of weeks, they would find themselves in a position where they would not have sufficient cash or its equivalent to meet their liabilities. It is the gospel truth and an understanding among industrial concerns and banking organizations that for a firm to be in good current condition and be able to meet its bills promptly, its current assets should be, at a minimum, twice its current liabilities.

1051 The schedule on page 27 also clearly shows that the current assets of the company which can be used for the immediate liquidation of current liabilities are short by the sum of approximately \$1,500,000. The only reason, I suppose, the companies have been able to get along may be further explained by the pyramiding of their investments. I think they have overexpanded their capital in the purchase of equipment.

Q. What effect does the present tax situation have on these companies as opposed to the situation under which they worked up to the time when such sharp increases in taxes took place?

A. That is another situation. In the past, the companies built up their equipment through earnings. At least, they have been able to pay for equipment obligations through earnings. Depreciation rates were little higher than presently permitted by the Treasury Department, and the taxes today are considerably higher. Consequently, through reduced depreciation rates, the companies show higher earnings, and through higher tax rates the companies are obliged to pay considerably more in taxes. Consequently, the cash employed for taxes is taken away from the company and cannot be used for the payment of its obligations. Maybe I should modify that—to the extent that increased taxes are paid to
1052 the Government, they cannot be used for the payment of its current obligations.

Q. Is that true whether or not this merger is accomplished, that these companies will need working capital?

A. That is correct.

Q. What have you to say as to whether individually they need more than they do collectively?

A. I think they need as much individually as they do collectively, and I think they would experience much more difficulty individually than they would collectively; I mean much more difficulty in securing the necessary working capital.

Mr. SULLIVAN. At this time I offer in evidence Exhibits 12 and 13. Those are the two financial exhibits.

Exam. BAKER. Is there any objection to the receipt of those in evidence now, or does intervenor desire to cross-examination first?

Mr. WIPRUD. Do you mean on this last exhibit?

Exam. BAKER. No. Exhibits 12 and 13, the ones which were offered. They were identified yesterday.

Mr. WIPRUD. Before they are admitted in evidence, may we ask a few questions?

Exam. BAKER. First, we will take a recess for 15 minutes.

(There was a short recess taken.)

Exam. BAKER. Come to order, please.

By Mr. SULLIVAN:

1053 Q. Mr. Reicher, just before the recess we were having a discussion with respect to Exhibit No. 15, for identification, the balance sheets attached to the contract in the Transport-Associated Transport deal in this application. There was some discrepancy in the figures. Will you now go into that?

A. The figures we used in our Exhibit 12 as the company's net worth were \$910,666.06. The net worth is reflected in this Exhibit No. —

Q. No. 15.

A. Exhibit No. 15, as \$893,466.89, making a difference of \$17,199.17. This difference is explained by the fact that the company had an accrual on its books for taxes of \$23,802.63, and that accrual was changed to \$41,001.80, making a difference of \$17,199.17. The fact that the accrual was \$17,199.17 less on the books than in the contract produced a higher net worth on the company's books, which they themselves corrected in preparing the contract.

Q. You were just referring to your working papers in the Arrow matter.

A. Yes, sir.

Q. As based on the audit.

A. The papers I referred to are papers reconciling any differences that existed.

Q. And your working papers have the report and the
1054 contract figure and your adjustment figures.

A. That is correct.

Q. And those figures were developed from the contract itself.

A. That is correct.

Mr. SULLIVAN. That is all the questions I have. I will offer the exhibits a little later.

Re-cross-examination by Mr. WIPRUD:

Q. Which balance sheet do you stand on now—Exhibit 15 or the balance sheet in Exhibit 12?

A. We made our examination from the company's books. They showed the net worth as reflected by Exhibit 12. When Arrow prepared this contract, they evidently realized that their taxes were understated, and, therefore, increased their taxes by \$17,199.17, and consequently reduced their net worth by that much money. That was a subsequent adjustment, which we would pick up in our adjustments. We started from the company's books and not from any adjustments that they made after April 1940.

Q. Yes. Now, will you answer my question?

A. I thought I did, sir.

Q. Which financial statement or balance statement do you stand on now—Exhibit 15 or the balance sheet as shown in Exhibit 12?

A. We say that the balance sheet is Exhibit 12 is the balance sheet per books. The adjusted balance sheet appears on 1055 page 2 of Exhibit 12. This is the balance sheet per contract, reduced by the additional taxes. The company voluntarily increased their taxes and reduced their net worth.

Mr. WIPRUD. I think, Mr. Examiner, the witness has still not answered the question, and in view of his explanation here we will have an objection to Exhibit 15, unless you desire to stand on that exhibit and not on the balance sheet in Exhibit No. 12. There cannot be two different balance sheets for one company.

Exam. BAKER. Exhibit No. 15 is already in evidence. It was received without objection. I feel that his explanation shows that the two are consistent. While the figures are different, the balance sheets were prepared on different dates. I think that accounts for the difference in the net worth, and he explained that.

Mr. WIPRUD. Mr. Examiner, if I may interrupt there, the balance sheets are on the same date.

Exam. BAKER. They are of the same date?

The WITNESS. As of the same date.

Exam. BAKER. But prepared on different dates.

Mr. WIPRUD. I think the record should show that both of these balance sheets, which differ, are of the same date, April 30, 1941, and we will have an objection to the admission of Exhibit No. 12.

Mr. SULLIVAN. I think I can help that situation along. 1056 We do not offer this Exhibit 15 with any reference particularly to the figures thereon. We offer it simply to show the note at the bottom with respect to the reduction of the net

worth by \$12,000, by reason of the payment of that amount for the cancellation of the liability under the employment agreement with Mr. John Hamilton. The figures on it have no significance in this proceeding. We do not offer it for that purpose, because, in every case, the figures on which we stand, I think, in the sense that Mr. Wiprud uses them, are, of course, the figures that Mr. Reicher produces as adjusted.

EXAM. BAKER. The record will show the objection.

By Mr. WIPRUD:

Q. Mr. Reicher, you testified that the companies in this proposed merger have operated by pyramiding their investments in the purchase of equipment.

Will you turn now to page 1 of Exhibit No. 12, which shows the money value of the equipment of the individual companies, and page 12, which shows the units, and will you state for the record which of the companies have so pyramided their investments?

A. First, I refer to the total of the investment in equipment—that is, not in equipment, but, rather, in fixed investments, and that is the term I use, of \$5,516,398.79. Schedule 18 merely shows the book values of each company's equipment.

In the case of Consolidated, it shows Consolidated owned 697 pieces of equipment, that is, power units and trailers, as 1057 of April 30, 1941.

I cannot see how reference to page 18 could be of any assistance, except to indicate that they have 697 units; whereas Arrow, if you wish, has 280 units. Arrow has capital, as indicated yesterday, of \$900,000, or approximately \$900,000, and Consolidated has capital of approximately \$700,000. It would appear on the surface that, perhaps, Consolidated has a larger number of units than they should have for their capital, if Arrow be taken as the correct base, but we cannot avoid the point that all the companies collectively have \$5,500,000 of fixed assets, which are \$1,500,000 in excess of their liquid current assets.

Mr. WIPRUD. Now, Mr. Examiner, I think the witness should answer the question. I asked him to state what companies involved in the proposed merger have so pyramided their investment in equipment as the witness has testified.

A. Well, in my opinion, all companies have pyramided their capital, with the exception of Arrow Carrier.

Mr. Examiner, I will have to take about an hour to calculate the current position of each company, in order to answer that question.

Mr. WIPRUD. Mr. Examiner—

Mr. SULLIVAN. We can have it done and have him come back some time later in the day, if Mr. Wiprud wants it.

Exam. BAKER. What is meant by "pyramiding" capital?

1058 The WITNESS. By "pyramiding" capital, I mean this, Mr. Examiner, that the company employs its capital several times, over and over again, in the purchase of equipment or other fixed assets.

To illustrate, I mean this: I may have \$100,000, which may be a fair amount of money, to buy a \$200,000 building, to give me a fairly good position. Instead of buying one building I buy four buildings, \$200,000 each, and invest \$25,000 in each one. That is a pyramiding of capital in the real estate business.

In the trucking business, I think all capital should be employed; that is, all equipment should be purchased out of the company's capital rather than out of current obligations, which have to be met monthly. The obligations cannot be paid with these trucks; they must be paid with cash or accounts receivable.

Exam. BAKER. Do you feel an answer to your question is important enough to take up the time that Mr. Reicher indicated would be necessary?

Mr. WIPRUD. Mr. Examiner, this witness has stated a conclusion, among other conclusions that he gave, with regard to the financial aspect of these companies. I just want to know on what he bases his conclusion. Obviously, in his answer, he has not indicated that. It is merely the general opinion, without being supported by any supporting data.

1059 Exam. BAKER. His statement is supported by the aggregate figures.

Mr. WIPRUD. Well, his statement—

Exam. BAKER. I wonder what your particular interest is from the standpoint of working capital. His testimony is directed, in connection with that statement, to the need of additional working capital and the need of selling preferred stock to the public. Are you, as an intervenor, interested particularly in that phase of this transaction?

Mr. WIPRUD. Perhaps I can inquire further from the witness, and I may develop how that may have some bearing on the subject.

By Mr. WIPRUD:

Q. Mr. Reicher, did you hear Mr. Horton testify that a portion of the proceeds of this preferred stock issue of \$1,500,000, which is to be sold, presumably, to the public, was to be used for the purchase of equipment?

A. I did not.

Q. I will state, then, that Mr. Horton so testified, and it appears at page 44 of the transcript of this proceeding.

Now, how do you reconcile that with your testimony that these companies have overpurchased equipment?

A. I still maintain the same position, that if the company intends to buy much more equipment, it will probably need more than \$1,500,000 for working capital.

Q. You think the issuance of preferred stock is a sound 1060 basis upon which to raise that capital?

A. I think the company should raise capital for the purchase of equipment through the sale of common stock, preferred stock, or long-term bonds—some such basis, but not to purchase equipment where they have to pay for it within 30 days, 60 days, or 90 days. I think that is unsound.

Q. My question was limited to preferred stock. Do you think that is a good way to raise the money for that purpose?

A. I think preferred stock is, perhaps, the best way.

Q. In your Exhibit No. 12, I believe you show that the net proceeds from the sale of this preferred stock issue would be an amount of \$1,410,000, which would indicate that the cost of the financing would be about 6 percent. Am I correct, sir?

A. I said that \$1,410,000 was the net figure of \$1,500,000 raised in connection with the bond issue, less the cost of securing that money and less any expenses in connection with this organization. I believe you will find that is my testimony.

Q. Well, assuming that it would cost something to sell this bond issue to the public, that would be an amount in addition to the amount of interest that would have to be paid on the preferred stock; is that not right?

A. I think you are entirely right about that.

Q. And then to the extent that there will be a charge or there would be a commission for the sale of the preferred stock, 1061 that would represent the cost for the first year of financing the equipment through the issuance of preferred stock.

A. Not necessarily. That kind of cost, whatever the cost may be for, is something that may be amortized over a long number of years.

Q. I understand, but the charge is still there, is it not? It would be the amount—

A. Not to be written off.

Q. Let me finish the question.

A. I am sorry.

Q. It would be a dividend rate of 6 percent on the preferred stock account plus whatever it costs to finance the sale of that stock?

A. I do not want to get my answer confused. I wish you would repeat that question. It is in part two parts. Then, perhaps, I will be able to answer it.

Q. I will reframe it, so that you will be able to understand it.

A. Thank you.

Q. In the event that the financing of this equipment is to be done through the issuance of preferred stock, the charge that would be made or the commission paid for the issuance of the preferred stock would be an amount which would have to be paid in addition to the dividend on that stock?

A. That is correct.

1062. Q. And that would be the measure of cost of financing the equipment in so far as the proceeds of that sale are concerned?

A. That is not entirely correct, because that money can be used indefinitely for financing equipment purchases. In other words, your dividend charge is a charge of 6 percent per annum, whereas the charge for acquiring this money may be prorated over the next 50 years.

Q. What is the life of the equipment?

A. The life of the equipment may be four or five or six or seven or eight or nine years.

Q. The raising of funds through the preferred stock would be a continuing operation of the company, would it not?

A. Yes, indeed.

Q. Now, is not that charge of 6 percent going to be in excess of what the banks would charge for financing two- or three-year loans for this purpose?

A. That largely depends on the company making the loan. I have known cases where companies have borrowed money for three or four percent, and I have known other cases where they have paid eleven, twelve, and as high as eighteen percent, and I know that in most cases banks are reluctant to make loans of this kind. The loan must be secured. It must be made through a finance company, as a rule.

Q. Do you think Associated Transport would have to pay 18 percent for this money?

A. I don't think so, sir.

Q. Do you think it would have to pay in excess of 6 percent?

A. I have no idea what the money market may be when they are ready to raise it, but I do feel that they would be in a much sounder position having that money in its capital, rather than loans which have a definite maturity date and must be paid back; as compared with the preferred stock, I don't think there is any comparison.

Q. Will you answer my question now, Mr. Witness?

A. I thought I did, sir.

Q. Would the Associated Transport have to pay less than 6 percent?

A. I have not the slightest idea what the money market will be and what the charge will be.

Q. Mr. Reicher, in your Exhibit No. 12, you have divided your figures, in most of the things that are pertinent thereto, between carrier and noncarrier companies. Is it your understanding that the noncarrier companies can be merged into the Associated Transport, if this merger is approved?

A. I really don't know what the intention of the board of directors is with respect to the merger of these companies. Consequently, I am at a loss to explain that.

Q. Well, whether the noncarrier companies are merged into the merging company, or whether they become wholly owned
1064 subsidiaries of that company, the net profit of those companies, in so far as that net profit now goes to individuals rather than to an operating company, would accrue to the Associated Transport, would it not?

A. That is correct.

Q. Have you reflected that situation in Exhibit No. 12?

A. I have, sir.

Q. Will you state where it is shown?

A. When you say "Exhibit No. 12," I wonder whether you are referring to the correct exhibit. Do you mean 12, sir?

Q. Exhibit 12.

A. Page 8 of Exhibit 12 shows the operations of the carrier and noncarrier companies combined.

Q. Will you point out the item on that page which reflects that increased income to the operating company?

A. \$184,917.19.

Q. And that item, as I understand it now, includes the net profit of such companies as Brown Equipment Company, Conger Realty, Division Tire & Sales and United Sales?

A. That is not correct, sir.

Q. What does it represent?

A. It represents Brown—page 7 of the exhibit shows the companies included in that figure. It shows Southern New England Terminals, Brown Equipment & Manufacturing Company, Conger Realty Company, and Barnwell Warehouse & Brokerage Company.

1065 Q. Do you consider that all of the individual companies here are in need of additional working capital?

A. You are referring to the noncarrier companies?

Q. Noncarrier companies.

A. I have made a study of the consolidated picture, but not of the individual companies, as I previously indicated, and consequently cannot answer your question.

Q. Then, do I understand, Mr. Reicher, that your audit is based upon the contract and not upon an audit of the individual companies?

A. The contract provides for an audit of the individual companies. Consequently, we examined the individual companies, and then made a study of the collective company in consolidated form.

Q. Will you refer to Exhibit 12 again and explain to the Commission, in the light of your statement and also of your testimony yesterday, in regard to checking and cross-checking all of these items, the meaning of the note which appears at a number of the pages, almost all of the pages in the exhibit, and I refer you to page 7, which reads as follows:

"NOTE.—The figures in this statement indicated 'per books' are stated as they appear in the company's books, without verification by us."

A. Yes, sir.

Q. Now, will you tell us what that means?

1066 A. It means that the figures in the columns headed "Per Books" are stated exactly as they appear in the books, without any adjustment by us. Alongside of that column, we have another column headed "Adjusted." Those figures are the adjusted figures after examination by us. The intention was to show the figures before examination and after examination.

Q. Do you want the Commission to understand that the word "verification" here means "adjustment"?

A. That is correct, sir.

Q. In other words, you have audited the books of the individual companies; is that correct?

A. That is correct, sir.

Mr. WIPRUD. That is all.

Exam. BAKER. Is there any further examination of this witness?

Mr. SULLIVAN. Just one question, in view of Mr. Wiprud's question.

By Mr. SULLIVAN:

Q. Any allowance made to the bank, Mr. Reicher, for the purpose of purchasing equipment, first, would it have to be paid off in a relatively short time, less than the life of the equipment?

Mr. WIPRUD. Just a minute. This witness testified that he has no accurate knowledge of what the banks would do.

Exam. BAKER. He is not asking him about the expiration.

Mr. WIPRUD. I would like to hear the question. I did
1067 not hear it.

Exam. BAKER. Will you read the question?
(Question read.)

Mr. WIPRUD. I have an objection to the question, because he has testified that he does not know anything about bank loans.

The WITNESS. I did not say—

Exam BAKER. Objection overruled. He may answer.

A. In my experience, I have rarely, if ever, run across a bank loan on equipment which extended over the life of the equipment; or, otherwise stated, it was five, six, seven, or eight years, as previously indicated in my testimony.

By Mr. SULLIVAN:

Q. What would be the effect of borrowing money from a bank; I mean, with respect to increasing the interest thereon, with respect to increasing or decreasing the earnings in a year?

Mr. WIPRUD: Now, Mr. Examiner, that goes to the very point. I asked this witness if he knew what the interest would be that would have to be paid, and this question goes to the interest that would have to be paid, that would increase or decrease earnings.

Mr. SULLIVAN. "X" percentage, Mr. Examiner. I am not talking about interest.

Mr. WIPRUD. Well, if he does not know what the interest would be that would have to be paid, how can he answer the 1068 question?

Exam. BAKER. I do not see that the answer would mean much in the record.

Don't you want to withdraw your question? It is obvious—

Mr. SULLIVAN. I was next going to indicate, or what I was driving at was that the interest on preferred stock does not go to increase or decrease earnings.

Exam. BAKER. That is obvious. I do not think any testimony is necessary on that.

Mr. SULLIVAN. All right. That is the only question I had.

Exam. BAKER. I have a few questions.

The WITNESS. All right, sir.

Exam. BAKER. Were all of the adjustments that you made in the amounts of the accounts of these respective carriers made in accordance with the terms of the contract?

The WITNESS. Yes, sir.

Exam. BAKER. No exceptions to that?

The WITNESS. No, sir.

Exam. BAKER. Are there any appeals pending in connection with adjustments made by you? I understand the contract made provision for an appeal from any adjustment made by you to the board of designees. Are any such appeals pending?

The WITNESS. I really do not know, sir. I believe that all of the companies have agreed, either in writing or orally, that the adjustments are satisfactory to them.

Exam. BAKER. Is it your understanding, then, that the figures contained in Exhibit 12 are the final figures upon which the transactions will be consummated, if approved?

The WITNESS. That is correct, sir.

Exam. BAKER. In your examination of the books of any of these companies, did you discover that any write-ups in value of assets had taken place in the last—well, during the period in which you examined the books?

The WITNESS. The nearest we came to that, sir, was where rebuilding may have been capitalized. Other than that, we found nothing of that description.

Exam. BAKER. The exhibits attached to the application, and also Exhibit 12, show certain income statements of Arrow Carrier Corporation. It is my understanding that the operating company at this time is the Transport Company, which has leased the operating rights and property of Arrow. It is not true that the income statements actually depict the operations of the Transport Company during the period of the lease?

The WITNESS. That is correct, sir.

Exam. BAKER. Do such statements reflect any rental payments under the lease?

The WITNESS. No; they do not.

Exam. BAKER. Referring to Exhibit No. 12, sheet 2, in the last column of that sheet, it shows under "Notes Payable,"
1070 \$290,219, total.

The WITNESS. Yes, sir.

Exam. BAKER. Are all of those short-term notes?

The WITNESS. Yes; they are, sir.

Exam. BAKER. The exhibit also shows certain equipment and other long-term obligations. Do you know whether any of those items are represented by securities, notes, or otherwise?

The WITNESS. Well, the equipment obligations are all secured with conditional sales contracts, and they are broken down into amounts due in one year and amounts due after one year.

Exam. BAKER. Can you state as to the other long-term obligations as to whether there are any notes included in them?

The WITNESS. Those obligations are similar to the equipment obligations—oh, I am sorry—those obligations are essentially mortgages on buildings.

Exam. BAKER. Do they usually consist of a note as security for the mortgage, could you state?

The WITNESS. Not usually. Usually it is just a bond and mortgage company, and there is no note accompanying it.

Exam. BAKER. A bond in some instances.

The WITNESS. Yes, sir.

Exam. BAKER. Can you state definitely whether there are any notes included in those?

1071 The WITNESS. I can give you that in a very few moments. I am under the impression that there may be a note in connection with the Barnwell Warehouse situation, but I am not too sure. Perhaps in 15 or 20 minutes I could give you that information.

Exam. BAKER. What I had in mind—and I am addressing this to counsel—under section 214, in the event of a merger of these companies, a consolidation or merger, the carrier or noncarrier companies, the applicant would necessarily assume an obligation with respect to the securities to those companies. Was it intended that the application in MF-1613 seek authority from the Commission for the assumption of obligations—

Mr. SULLIVAN. It was our contemplation with respect to that matter, that we felt that at much more appropriate time we would make an appropriate application for such authority; that is, assuming approval was granted in this application, that before any assumption was made on the part of the Transport Company, or before physical merger or consolidation were carried out, an appropriate application should be made to the Commission for authority for the Associated Transport Company to assume those obligations.

Exam. BAKER. Very well.

Referring to sheet 10 of Exhibit 12, the column headed "(Decrease) Adjustments (Including Eliminations)," includes
1072 an aggregate amount under each account. For instance, under cash it shows an adjustment of \$10,182.53. Is there any way by which, from the data contained in this exhibit, you can determine the amount applicable to each of the companies under each account?

The WITNESS. Yes, sir. By comparing the balance sheet appearing on pages 1 and 2 of the balance sheet and appearing on pages 10 and 11, and to illustrate, take the case of McCarthy—that is the first one, showing a difference—McCarthy Freight System, Inc., it shows \$59,239.18 as cash in our adjusted balance sheet, and the books show \$55,164.81. There is a difference there of \$4,000. In other words, on Moran, it shows \$83,288.79 on April 30th, as compared with \$79,602.60, and those differences all of the way through will comprise the difference of \$10,182.53.

Exam. BAKER. Thank you.

Now, refer to sheet 11.

The WITNESS. Yes, sir.

Exam. BAKER. The column shown in applicant's balance sheet as of June 30, 1941, shows common stock of \$60,202. The present figure would be different from that, would it not?

The WITNESS. Yes.

Exam. BAKER. Would it be \$71,480?

The WITNESS. That is correct, sir.

1073 Exam. BAKER. Do you know whether the 71,480 shares of common has actually been issued as of this date?

The WITNESS. I believe it has. I am not in a position to say.

Mr. SULLIVAN. I think it has been issued—that original stock of Associated Transport, you mean?

The WITNESS. Yes.

Mr. SULLIVAN. It has been issued. I do not know whether everybody has received it, but it has been issued.

Exam. BAKER. I am addressing this to counsel: In any event, it will have been issued prior to the consummation of the proposed transaction?

Mr. SULLIVAN. That is true. I am certain it has already been issued. I am only uncertain as to whether each stockholder has actual physical possession of it in his hands yet. I know it has been issued.

Exam. BAKER. In connection with that sheet 12 of the exhibit, under "common stock: Proposed issue," it shows 720,123 shares. Actually, is it not true that authority is sought in this proceeding to issue only 648,643 shares? I am directing that to counsel.

Mr. SULLIVAN. I think that is so.

Exam. BAKER. You are not seeking authority to issue shares incident to the Transport Company for the data purchased from them; are you?

1074 Mr. SULLIVAN. No, sir.

Exam. BAKER. You are not seeking authority here to issue shares to original subscribers.

Mr. SULLIVAN. That is right. Off the record.

Exam. BAKER. Yes.

(Discussion off the record.)

Exam. BAKER. Now, Mr. Reicher, do you know the basis upon which the preferred stock can be converted? That is in the record, I believe, but so we will have a reference to it at this time.

The WITNESS. It is on the basis of \$25 per share of common for the first 3 years, \$30 a share of common for the next 3 years, \$35 per share of common for the last 4 years.

Exam. BAKER. In other words, the maximum rate will be four shares of common for one share of preferred; would it not?

The WITNESS. That is correct, sir.

Exam. BAKER. On that basis, what is the maximum number of shares of common stock which would be required to convert all of the proposed stock—proposed to be issued?

The WITNESS. If I may inquire, do you include the \$1,500,000 application?

Exam. BAKER. All preferred stock.

The WITNESS. 211,768 shares of common would be required.

1075 Mr. SULLIVAN. How many?

The WITNESS. 211,768.

Exam. BAKER. Mr. Sullivan, pursuant to our discussion yesterday, it would seem that if you add 211,768 shares to the 648,643 shares, it will be required to issue 860,411 shares of common stock, and if you propose to amend the application I suggest you keep those figures in mind.

Mr. SULLIVAN. I just did not catch the last figure.

The WITNESS. 860,411.

Exam. BAKER. Referring to sheet 14—

Mr. FAGG. Mr. Examiner, would that be dollar value?

The WITNESS. Par value would be the dollar value.

Mr. FAGG. One dollar value.

The WITNESS. Yes, sir.

Exam. BAKER. Sheet 14 is the pro forma balance sheet, which is, in effect, the acquisition of control of these companies, as I understand.

The WITNESS. That is correct.

Exam. BAKER. In that case, should not the amount carried under investments on the asset side correspond to the par value of the stock exchanged by applicant for the stock of the particular companies, instead of showing the net worth of those companies?

The WITNESS. I do not think so, Mr. Examiner. These figures show the investment that Associated will have in the
1076 respective companies and the stock which it be own
will only be indicative of that investment.

Exam. BAKER. In any event, that is a matter which we will have to decide in case the application is approved, and the journal entries will be subject to approval, of course.

The WITNESS. That is correct.

Exam. BAKER. The footnote on sheet 23 indicates that United Arbour Express discontinued operations on March 31, 1941. Do you know that it has actually discontinued operations?

The WITNESS. There has been no transaction on their books after that date. To that extent we know that they have discontinued operations.

Exam. BAKER. Mr. Arbour, can you answer from where you are? Has United Arbour discontinued operations?

Mr. ARBOUR. They have.

Exam. BAKER. It is not operating at the present time?

Mr. ARBOUR. No.

Exam. BAKER. Is there any intention to resume operations?

Mr. ARBOUR. There is none.

Exam. BAKER. Mr. Arbour has been previously sworn in this case.

Referring now to Exhibit 13, and particularly to the fourth line, which is entitled "Treasury Stock or Stock Not
1077 Acquired," does the item shown under Consolidated Motor Lines of \$36,000 represent the amount expended by Consolidated for the purchase of 90 shares of its stock, as provided for in Schedule J of the contract?

The WITNESS. It shows the part of the purchase price by Consolidated which is chargeable to surplus, and the remaining \$9,000, I believe the figure is, was charged against capital or treasury stock. I am sorry, sir. I wish to correct. May I inquire—

Exam. BAKER. Off the record.

(Discussion off the record.)

Exam. BAKER. On the record now:

The WITNESS. The \$36,000 was the total price paid for the acquisition of those 90 shares.

Exam. BAKER. That was 90 shares at \$400 a share?

The WITNESS. That is correct, sir.

Exam. BAKER. Under Horton Lines is shown an item of \$58,840. Does that represent the employees' preferred stock?

The WITNESS. Yes, sir.

Exam. BAKER. Under Arrow Carrier Corporation, does the amount shown represent the call price of preferred stock not being acquired by applicant?

The WITNESS. That is correct. That is, \$26,000 the stock plus \$1,300 for the premium.

1078. Exam. BAKER. Were there any accrued dividends on that stock as of April 30, 1941?

The WITNESS. I don't believe so. I think there were not.

Exam. BAKER. I previously stated that a deduction was made from Arrow Carrier Corporation's net worth, representing an amount to be paid to Mr. Hamilton for cancellation of an employment contract.

The WITNESS. That is correct, sir.

Exam. BAKER. Where is that deduction made on that Exhibit No. 13?

The WITNESS. Under Item No. 15.

Exam. BAKER. Under the column entitled "Adjustments to Surplus"?

The WITNESS. That is correct. It has brackets, and therefore it is a deduction.

Exam. BAKER. What do the letters w/o on the exhibit signify?

The WITNESS. That would be a write-off—written off; like in the case of item No. 20, deferred expense. The deferred expense is written off in the amount of \$92,370, as in the case of Arrow.

Exam. BAKER. Those are all of the questions I have of this witness.

Mr. SULLIVAN. I offer Exhibits 12 and 13 in evidence. I renew my offer.

1079 Exam. BAKER. Exhibits 12 and 13 will be received in evidence.

(Exhibits Nos. 12 and 13, Witness Reicher, received in evidence.)

Exam. BAKER. The witness is excused.

The WITNESS. Thank you.

(Witness excused.)

Mr. BURNETTE. Mr. Examiner, may I inquire at this time whether there will be a hearing on Monday, or are you going to conclude today?

Exam. BAKER. No; I am certain the hearing will be continued to Monday.

Mr. BURNETTE. I am going home, and will be here Monday, if the hearing is to be continued until then; but I just wanted to find out, to be sure, before I left.

Mr. COCHRAN. Mr. Examiner, I would like to recall the witness Lawson—Mr. J. D. Lawson.

J. D. LAWSON, was recalled and testified further as follows:

Direct examination by Mr. COCHRAN:

Q. Mr. Lawson, you have been previously sworn in this case?

A. Yes, sir; I have.

Q. I believe your testimony was directed especially to Applicant's Exhibit No. 2, in your previous testimony; is that
1080 correct?

A. That is correct.

Q. What was Exhibit No. 2?

A. Exhibit No. 2 was a list of actual motor carrier operations conducted in competition with certain carriers forming a part of Associated Transport, Inc., organization.

Q. That exhibit purports to show all the carriers in competition with the carriers named in the application here?

A. Oh, no, sir. That exhibit only went to the extent of the duplicated operations insofar as the so-called East-South carriers; or, more specifically, Barnwell, Horton, Transportation, and in part Southeastern Lines, were concerned.

Q. You have before you there a document, the first page of which has the following in typing:

"Motor common carriers serving, authorized or claiming authority to serve certain representative and principal areas served by certain motor common carriers composing a part of Associated Transport, Inc."

A. I have.

Q. Did you prepare that document, or was it prepared by you in collaboration with others working under your supervision?

A. Both; yes, sir.

Exam. BAKER. Do you desire this to be marked for identification, Mr. Cochran?

Mr. COCHRAN. Yes; I would like to have this marked for identification.

1081 Exam. BAKER. The document described will be marked for identification as Applicant's Exhibit No. 16.

(Exhibit No. 16, Witness Lawson, marked for identification.)

By Mr. COCHRAN:

Q. Mr. Lawson, this Exhibit No. 16, marked for identification, contains three pages representing charts, perpendicular lines, the names of certain towns, and so forth, and following that there are six pages containing a list of motor carriers, numerically listed, and the last page is an explanation of the legend on your charts; is that correct?

A. That is correct.

Q. Taking the first page of this document, beginning at the left, the perpendicular column, headed "New England," "New York," "Philadelphia," and other points listed, will you please explain that column, as well as the other lines and figures and legends contained on that page?

A. I will begin by saying that this is a chart of the actual operations conducted by the carriers set forth, and this page includes the carriers that were set forth on Exhibit No. 2. The purpose of that was to bring the entire picture of competition forward in one exhibit and to make one or two minor corrections in the previous exhibit,

The chart shows carriers actually in operation and transporting general commodities, with the usual exceptions, and such carriers are reflected by the perpendicular lines. The

1082 principal points or areas are shown in the lefthand column. Those points were selected as the principal ones along the route of Horton, Barnwell, and Transportation, Inc., between New York and Atlanta, Ga.

An explanation of the chart would be that the first perpendicular line, for example, numbered 1, encircled, is an operation between New England and points in the South, Atlanta and beyond. This carrier is the Akers Motor Lines, Inc., and by

referring to page 1 of the attached list of carriers, the figure 1 reflects such information, that is, the encircled figure 1 is shown to be the Akers Motor Lines, Inc.

Q. Is it a fact that wherever those encircled figures are used it is for the purpose of indicating the name of the carrier which appears on your numerical list of names?

A. That is correct; yes, sir.

Q. I believe you also have opposite the names the docket number of their application.

A. Yes, sir; I have. That is the Interstate Commerce Commission's Docket No. 5.

Q. What does the "X" marked on these lines indicate?

A. The same as in Exhibit No. 2. They indicate the carrier's authority to operate into these points opposite which those marks appear, but it is not known to me that they render service at such points. In some instances I personally have seen equipment of certain of these carriers at points so designated.
1083 but I do not know that they are conducting a service at such points.

Q. Do you know of your own knowledge if the carriers indicated on the first sheet of this document actually operate between the areas represented on this chart, with the exception of those points marked with the letter "X"?

A. Yes, sir; with one or two corrections that I observe to be necessary, which were omitted when this chart was made. For example, perpendicular line 11 should have an "X" opposite Richmond, Va. Apparently, it was omitted when they drew the chart.

Q. Are there any other corrections on that page?

A. Line 7, the legend having the "X's" opposite Charlotte and Greenville would indicate that such authority has been confirmed to that carrier by the Commission, and this should be corrected to the extent of showing that that carrier does not now possess a certificate. It does not yet possess a certificate, but its operating claim is pending before the Commission. Therefore, the reference for the letter "X" is, in each of those three places for that particular carrier, that it does not indicate that they have a certificate but, rather that the claimed authority is pending before the Commission.

Q. You will note that as to these particular lines on this page four of them extend from New York into New England. You have not made any attempt to show what areas in New
1084 England are served by those carriers; have you?

A. No, sir; because I had prepared this chart to show competition in connection with Horton, Barnwell, and Transportation. The continuation of those lines beyond New York into

New England and beyond Atlanta into the Deep South was only to indicate that they do operate beyond the terminal points of New York and Atlanta.

Q. Can you indicate that the distance in miles between the points you have in a column on the left hand side of this document?

A. I think I can. From New York to Philadelphia it is approximately 90 miles; from Philadelphia to Baltimore it is about 100 miles; from Baltimore to Richmond it is 150 miles; Richmond to Greensboro it is 220 miles; Greensboro to Charlotte it is 100 miles; from Charlotte to Greenville it is 110 miles; Greenville to Atlanta it is 165 or 8 miles by highway.

Q. Is it a fact that the carrier indicated as No. 1, operating from New England to Atlanta and beyond, also serves the intermediate points other than those indicated?

A. Oh, yes, sir. Its main office is in Gastonia, N. C., which is 16 miles west of Charlotte, and is a very important point.

Q. Is that true of all the carriers to the extent as shown on this map?

A. Well, I might say—

1085 Q. Except as otherwise noted.

A. Yes; I might say generally. I cannot say that I know they serve all intermediate points.

Q. No; I said generally.

A. Generally, yes; that is true.

Q. The second page of this document?

A. The second page reflects again additional carriers of general commodities who are authorized by virtue of certificates, compliance orders, or pending applications before the Commission, to serve these points, but about the actual operations I know little, although I know that some of these carriers operate to—

Q. The information you received in making this was from the Commission's files.

A. Yes, sir.

Q. And this document to the extent shown by the particular lines reflects the operations of the carriers in accordance with the files of the Commission.

A. That is true.

Q. And to that extent are in competition with the carriers you first named.

Mr. MACDONALD. Mr. Examiner, I wonder if that—

Mr. COCHRAN. Strike that question out.

By Mr. COCHRAN:

Q. I believe you stated that you do not know of your own personal knowledge that the carriers on page 2 are
1086 actually operating from the points indicated.

A. I will state it this way: I do not know all of the points that they are serving, but I do know some of these points that they operate in and out of, and I am not sufficiently familiar with their operations to justify me to put them on page 1. I more or less considered them as potential competitors. They are actual, however, in certain respects, of which I am personal knowledge, but I don't know—

Q. The point I am trying to get at is, where did you get the information—

A. The information that—

Q. Wait a minute. Where did you get the information from which you started to put these on this map?

A. The information comes from the Interstate Commerce Commission files of these carriers' applications for authority to operate.

Q. And those files show that they either have the right, or the rights are pending, or there have been some orders issued with respect to that matter; is that correct?

A. That is correct.

Q. Will you please explain the perpendicular line No. 62? There is a variation there. Will you explain what that means? There are two of them, I believe, on that page, 62 and 68.

A. Line 62 is the Hitchcock Motor Express of Hartford, Conn. Line 68 is the North-South Freightways, Inc., I believe, of 1087 Hoboken, N. J.

Q. What do the semicircles represent opposite Baltimore and Philadelphia?

A. They indicate the carrier is without authority to serve those points with respect to general commodities. In other words, on line 62, that operator has pending an application before the Commission, under which it received a compliance order granting authority to transport commodities from Hartford to Atlanta, Ga. It also has in the same order specific commodity authorities relevant to some of these intermediate points, but this was confined to general commodities; so I did not show any operation to or from those points with respect to specific commodities.

The same is true of carrier 68. That is the North-South Freightways. It has an application pending before the Commission, and I have seen some of its documents, showing operation from the New York territory to eastern Pennsylvania and some Connecticut territory to Alabama and Mississippi, but it is more or less a through operator.

Q. Do you know whether or not carrier 68 serves any of the intermediate points between Baltimore and Atlanta, and when I

speak of "intermediate points" I mean other than those points listed in column 11 on the lefthand side?

A. No; I don't think it has.

Q. Turn to the chart on page 3 and explain in detail the 1088 purport of that chart.

A. Here, again, are listed carriers, both potential and actual carriers, serving points under authority from the Commission or by virtue of application pending before the Commission, in connection with specific commodities, and on that page there should be stricken from it line 246, which appears to be a duplication.

Q. And the corresponding figure should be stricken from your numerical list; is that right?

A. At page 6; that is correct. I might say that apparently that is a duplication of line 140. So we may not overlook it, on page 1, line 20 should be stricken. It is a duplication of line 19. Those two errors occurred in the preparation of the chart.

Q. I believe you stated that the carriers listed are represented by the perpendicular lines on page 3 of this chart and are limited in their rights to specific commodities; is that correct?

A. Yes, sir.

Q. Did you secure the information upon which you based that statement from the files of the Interstate Commerce Commission?

A. Yes, sir. That is substantially correct. Line 190, for example, is Kelly Motor Lines of Sumpter, S. C. They have applications pending before the Commission, and it is rather difficult to determine exactly what their rating authority is; 1089 that is, in the short space of time that we had to work up some of this information, but I show that carrier as a specific commodity carrier rather than giving it the benefit of any former operating authority it might have under the variety of applications pending.

I might say, too, that this page does not reflect operations known in detail to me. I know about some of the carriers, but this reflects the operating authority as it stands on the Commission's files, to the best of my knowledge.

Q. What do you mean by restricted to specific commodities?

A. Authority granted by the Commission to transport certain commodities or to serve certain points or areas.

Q. The transportation of the specific commodities you refer to by these companies is to the extent authorized in competition with carriers named in this application; is it not?

A. Oh, yes. Some of them, I think. I have confined this, as I said before, to Horton, Barnwell, and Transportation, and more or less East-South operators, but I did not make any investigation—

Q. But to the extent of the authority they have in the shipments that they make—

Mr. MACDONALD. May we have the question read?

Exam. BAKER. Finish the question.

Mr. COCHRAN. Strike it from the record.

By Mr. COCHRAN:

1090 Q. Mr. Lawson, to the extent of operations of these companies shown on page 3, carrying specific commodities between certain points limited by the Commission, to that extent they are competitive with Horton, Barnwell, and Transportation.

A. Yes, sir.

Q. If the restrictions were limited entirely—

Mr. MACDONALD. Mr. Examiner, I do not think this—

Mr. COCHRAN. I will withdraw that.

By Mr. COCHRAN:

Q. Has there been any pending litigation with reference to the restrictions on some of these companies?

A. Carrier No. 2 has litigation pending. I think that it has now proceeded to the Supreme Court; I believe it is in the Supreme Court now—asking for relief from the Commission's order restricting it to specific commodities or specific areas, and seeking a requirement of the Commission that it be granted authority to transport these commodities within the territory embraced in the original claim.

Q. Was the position of this carrier sustained by the District Court of the Western District of North Carolina?

A. Yes, sir; by the three-judge court there. As to carrier No. 3 and carrier No. 4, on page 1; I believe I am correct in saying that both of them, at least one of them, is involved in a similar case.

Q. In the numerical list of names, you have a total of 291 carriers.

1091 A. With the two eliminations, it brings it to 289.

Q. The word "certificate" on the righthand side of this numerical list of names, does it vary in its significance?

A. That was merely a note made for convenient reference of those of us who prepared the index of the carriers, and should not have been carried forward.

Q. So far as this exhibit is concerned, then, it has no special bearing; is that correct?

A. That is correct.

Q. Does this document, marked for identification as Exhibit No. 16, contain a full list of all of the motor carriers operating between the areas represented on the lefthand side of the exhibit, namely, New England to Atlanta?

A. Well, as to the actual operations known to me, it does, but there are others that I know have claims for authority pending before this Commission, and I was not able to develop all the data as to all those applications. There are some hundred thousand docket files in the Commission's file, many of them of the carriers that we were searching for additional information on, and which we could not obtain.

Q. Have you, in preparing this document, found the names of additional carriers operating in that area?

A. Yes, sir.

Q. Will you read those for the record?

A. I have about forty additional ones.

1092 **Commission Docket M-48419, Modrac Transportation Company, Baltimore, Md.—**

Mr. Fagg. Mr. Examiner, could not this be covered by an exhibit?

Mr. Cochran. It should be in this exhibit, but we just did not have time to get it in.

Examiner Baker. Apparently, the exhibit is not available now. He may read it. Abbreviate it as much as you can.

The Witness. Yes, sir.

Mr. MacDonald. Mr. Examiner, may I suggest that probably we will go over the lunch hour, and if this witness would care to have it typed up this afternoon it would be convenient, and then there would be no objection to reading it into the record.

Examiner Baker. Can you do that?

The Witness. No, sir. I could not type this information; I have no idea where I could get it typed on Saturday afternoon.

Mr. MacDonald. May I ask whether there will be any indication of the routes of these carriers as shown?

The Witness. It is my intention to give you the information to coincide with these charts.

Mr. MacDonald. We have not had any objection, but there may be some objection on this exhibit. This is something going into the record before objections are heard on the—

1093 **Exam. Baker.** Do you object to this?

Mr. McDonald. I object to this exhibit; yes.

Exam. Baker. I mean to the oral testimony.

Mr. McDonald. I object to its going in ahead of the exhibit; yes.

Exam. Baker. Objection overruled.

The WITNESS. Docket MC-48419, Modrac Transportation Company of Baltimore, Md., received a certificate from the Interstate Commerce Commission on May 26, 1941.

Mr. Fagg. Mr. Examiner, may I interrupt the witness? As to these 40 additional carriers that you are reading into the record, are they all common carriers and so ruled by the Interstate Commerce Commission?

The WITNESS. Yes, sir. I gave no consideration to any other type of operator.

By Mr. COCHRAN:

Q. Will you read the names of those carriers and the names between which they operate? It will not be necessary to give any further detail.

A. I have transcribed from the Commission's files here information pertaining to the authorized operations to coincide with the points in the areas shown in the lefthand column of my exhibit. I cannot go any further than that without referring again to the Commission's records. The carrier named received authority to transport general commodities. The authority in part is between Baltimore and Philadelphia.

1094 Exam. BAKER. Suppose we recess for lunch now until 2 p. m.

I would like to ask you to give consideration to the question as to whether you feel it is important to read into the record the additional carriers, in view of the numerous carriers you have listed in the exhibit.

We will now recess until 2 p. m.

(Whereupon, at 12:40 o'clock p. m., a recess was taken until 2 o'clock p. m. of the same day.)

1095

AFTERNOON SESSION—2 P. M.

Exam. BAKER. Let us resume.

Mr. COCHRAN. All right, Mr. Lawson.

J. D. LAWSON, resumed the stand and testified further as follows:

DIRECT EXAMINATION (continued)

Mr. COCHRAN. Mr. Examiner, when we adjourned the witness was on the point of reading into the record the names of certain other carriers not listed on this exhibit. I had suggested that he read the names of those carriers and the points between which they

operate, as quickly as he can read them. May he be permitted to do so?

Exam. BAKER. Yes.

By Mr. COCHRAN:

Q. All right. Proceed, Mr. Lawson.

A. Mushroom Transportation Company, Inc., general commodities between Baltimore and Philadelphia, and certain specific commodities; Perawel Trucking Company, Inc., Trenton, N. J., general commodities between New York and Philadelphia; Shipley's Transfer, of Fredericksburg, Md., specific commodities from New York to Baltimore, Baltimore to Philadelphia, New York, and Richmond.

Warlick Trucking Company, Kings Mountain, N. C. This carrier has an application for the Eastern Seaboard pending. It extends from Georgia to New York, including intermediate States and the District; C. O. Lovett, general commodities, Charlotte, Greensboro, Burlington, Richmond, Wilmington, Philadelphia, New York City; T. E. Rea, Charlotte, N. C., Greensboro, and Greenville; W. T. Cowan, Inc., Baltimore, Md., general commodities, New York, Philadelphia, Baltimore, and Alexandria, including Washington; Wooleyhan Transport Company, Wilmington, Del., general commodities, New York, Philadelphia, and Baltimore.

The Jersey Coast Transfer Company, Inc., Asbury Park, N. J., general commodities, New York and Philadelphia; James A. Stephenson Company, Long Island City, N. Y., special commodities between the New York zone, on the one hand, and Massachusetts, Connecticut, Rhode Island, New Jersey, part of Pennsylvania, and New York, Wilmington, Baltimore, and the District on the other; Headly's Express & Storage Company, Inc., of Chester, Pa., general commodities between New York and Philadelphia; Morris Farber, Philadelphia, Pa., specific commodities from Philadelphia to New Haven, Wilmington, Baltimore, Richmond, New York; Kessler Trucking Company, of Paterson, N. J., specific commodities between points in New Jersey, New York, New England and points in the States southward as far as Georgia.

Owl Transportation Lines, New York City, general commodities, New York, Philadelphia, Baltimore and Richmond; F. W. Goldston, R. L. Goldston, and J. D. Goldston, of Wake Forest, N. C., specific commodities from points in North Carolina to Richmond, Baltimore, Philadelphia, and New York, and from New York, Philadelphia, Baltimore, and Richmond to points in North Carolina; Ruhl Transportation Company, Salem, N. J., specific commodities, New England, New York, Philadelphia, Baltimore; Joseph Meltzer Transfer & Express, Inc., of

Baltimore, general commodities, Baltimore, Washington, Philadelphia, and New York; Bruce-Murray Corporation, New York City, application pending for general commodities, which includes New England, New York, Philadelphia, and Baltimore.

EXAM. BAKER. Mr. Lawson, when you said that company has an application pending, did you mean an application pending under the grandfather clause of the Act?

THE WITNESS. That is correct, sir. Service Transportation Company, Inc., of Seacaucus, N. J., general commodities between New York City, Philadelphia, and Baltimore. That application is also pending under the grandfather clause of the Act; Vernon T. Mercer, of Coatesville, Pa., specific commodities, including New England points, New York, Baltimore, Philadelphia, Richmond, Greensboro, Charlotte, and Greenville.

1098 Owens Transfer Company, Scranton, Pa., general commodities between Baltimore and Philadelphia; Edward Conen Transportation Corporation, Brooklyn, N. Y., general commodities, New York City and Philadelphia; Dunn's Motor Express, Richmond Hill, N. Y., specific commodities, New England, New York City, Philadelphia, and Baltimore; White's Express & Transfer, Inc., of Bloomfield, N. J., application under the grandfather clause pending, including New England, New York, Philadelphia, Baltimore, Richmond, Greensboro, and Charlotte; Stone's Express, Inc., of Boston, Mass., has an application pending, including New England, New York City, Philadelphia, and Baltimore.

Beach Transportation Company of New York City has an application pending, including New England, New York City, Philadelphia and Baltimore—general commodities; George's Transportation Company, Inc., of Baltimore, Md., general commodities, New York City, Philadelphia, and Baltimore; Highway Transportation Company, Inc., of Hammondton, N. J., general commodities, Philadelphia, New York City; Brown's Trucking Company, Trenton, N. J., general commodities, Philadelphia and New York City; Kirby & Kirby, Inc., Trenton, N. J., general commodities, New York City and Philadelphia.

1099 Courteous Transfer Lines of Philadelphia, Pa., general commodities, New York City and Philadelphia; McCormick Transportation Company of Wilmington, Del., general commodities, New York City and Philadelphia; James Gallagher, Inc., of Philadelphia, Inc., has an application pending, general commodities, including New York City, Philadelphia, and Baltimore; Zentz Motor Line, Inc., of Baltimore, Md., general commodities, Baltimore, Philadelphia, and New York City; Columbus Motor Freight, Inc., Riverside, N. J., general commodities, New York City and Philadelphia.

Masten Trucking Company, Inc., of Millport, Del., general commodities, Philadelphia and Baltimore; Union Transfer Affiliated Company, Philadelphia, Pa., general commodities, New York, Philadelphia, and Baltimore; Aero Transportation Company, Philadelphia, Pa., general commodities from Philadelphia, New York, and Baltimore and Richmond; application pending; Hicks Brothers, Inc., of Belvedere, N. J., New York City, Philadelphia, and Baltimore; application pending.

Q. Does that complete the list you have before you?

A. Yes, sir.

Q. Let us go back to this chart for one additional question. The perpendicular lines as between the points indicated in 1100 the left-hand column represent the extent of the operations of the particular companies, which operations are carried on in both directions; is that correct?

A. To the best of my knowledge, it is; yes, sir.

Q. Do you have any information with respect to the aggregate number of pieces of equipment operated by these companies, the names of which you have read, together with the names of those appearing on Exhibit No. 16?

A. There are something like 325 carriers, I think, included in the exhibit, and those that I have just named in the record. Of that number, exactly 100 files of the Commission were unavailable to me, and, therefore I do not know how much equipment those 100 carriers are operating.

The remaining carriers, according to the BMC-71 applications for Interstate Commerce Commission's identification plates for equipment, show a total of 2,675 straight trucks, 3,671 tractors, and 3,917 trailers, or a total of 10,263 units.

Q. And that information was secured from the files of the Interstate Commerce Commission, and are as of what date?

A. Yes; I secured that information from the files of the Commission, and the information was obtained as late as last week—the first part of this week, I mean.

Q. What I have reference to is the number of pieces of equipment as shown by that information. What is the date of 1101 the information, and not the date on which you secured it?

A. Well, the dates of the applications range from late in 1937, when they were first required, until recent time. There is no uniformity in the matter of dates, as far as the applications are concerned. We took the last application, if there was more than one in a file, and determined from it the number of units being operated, which information is required.

Q. How often are those applications filed by a motor carrier?

A. Well, it would depend on the number of times that they

add additional equipment or require replacement tags, or something of that sort. There is not anything uniform about that. We found some carriers that had only one application on file. Then, there were other instances where a carrier never applied for any tags at all, as far as the records are concerned.

Q. Take a carrier whose application you examined as of the year 1937. Would that indicate to you the number of pieces of equipment that he is now operating, assuming that he is operating, or would you have to see the additional ones for tags, as additional equipment was purchased?

A. Yes; we would trace up through. If there is more than one application on file, you have to trace through to the final.

Q. Did you trace those applications through?

A. Yes, sir.

Q. Is there anything else, Mr. Lawson, that you wish to say about this exhibit?

1102 A. Yes, sir. At page 1 of the exhibit, I observe an error in the preparation of the chart. The Mason & Dixon, column 10, shows service at Greenville, S. C. There should be a circle indicating that the carrier does not operate to that point, to the best of my knowledge.

Q. Is there anything further?

A. I believe I said that column 20 should be stricken on that page. If I did not, I should have.

Q. Mr. COCHRAN. Those are all of the questions on direct examination.

Cross-examination by Mr. MACDONALD:

Q. Mr. Lawson, are all of these carriers which were included in Applicant's Exhibit No. 2 also included in this exhibit, which is No. 16?

A. Yes; I believe so. I think I am correct on that.

Q. What classes of carriers have been eliminated, if any, from this group? In other words, has any distinction at all been made on any basis as to the carriers to be included and those not to be included?

A. Well, do you have in mind the classification according to the Commission's formula, or do you mean with respect to the particular types of transporters, like household goods, as against general commodities, or something of that kind?

Q. Whatever you had in mind and used in your classification in preparing this.

1103 A. Well, we used common carriers and made no distinction in the preparation of this exhibit as between class 1, 2, and 3. We did, however, include such carriers as household goods, bank truck operators, fresh fruits and vegetable transporters, who

may be transporting some other commodity in the opposite direction, and new furniture carriers. We did not include those. With respect to new furniture carriers, I have in mind only those carriers which are authorized to transport new furniture only. There are carriers included here who transport new furniture and also general commodities.

Q. Was there any distinction made as to the regular and irregular route operators?

A. No.

Q. In order to be shown on this chart, they would necessarily have to have some regular routes; would they not?

A. Well, no. This chart was not prepared to indicate the highway route.

Q. I understand that, but if you say he is operating from, say, Greensboro to New York, would that indicate a regular route, or information that he actually does operate over that route, having only an irregular route authorization?

A. Yes.

Q. So that this represents in part Commission records and in part observations and knowledge of those who prepared it.

1104 A. Page 1; yes.

Exam. BAKER. Let us clarify that point, Mr. Lawson. In connection with an irregular route operator, if he was authorized to originate traffic in New York and transport it to Greenville, you would show that service on this chart, would you not?

The WITNESS. That is correct.

Exam. BAKER. Whether he was authorized to conduct that transportation over an irregular route or regular route.

The WITNESS. Yes, sir. That is exactly the situation with respect to Barnwell in the exhibit, sir. He has an authorization extending along the Eastern Seaboard over irregular routes, but I have observed his operation at these points as I have set it out here.

By Mr. MACDONALD:

Q. What have you to say as to the inclusion or exclusion of the radial or non-radial irregular route operators?

A. I can answer that, first, by saying as to page 1, that represents operations of which I have personal knowledge. As to the other two pages there may be some radial and non-radial operators in there. However, the points for which it has been shown are included in such authorization. I did not make any attempt to include or exclude any such classified carriers, and I might add that there are very few non-radial operators that I know of
1105 in the East-South service. It is just not that operation.

They follow along generally in the territory where the traffic flows, and that is the East and South.

Q. Is it your contention that all of these carriers as shown on this exhibit are in competition over at least part of the routes, with the lines concerned in the merger?

A. No. All of the carriers on the three pages?

Q. Yes.

A. Well, it is my contention that the carriers shown on the first page are in such competition. As to the other two pages I do not know what the extent of their operation is; so that I do not know that they are actually operating. They are authorized, and in some cases they are actually operating.

Q. Did you determine the relative gross operating income of these carriers?

A. No; I did not, sir.

Q. Is it possible for carriers which are shown to be operating over some routes, so far as this chart can show it, to be operating on separate routes actually, because of different highways which they might be following?

A. Well, yes, but they cannot avoid the points here. These are the principal points. I will illustrate that by saying that from Baltimore, Md., southward that you may have three routes over which you could reach Atlanta, Ga. There are more, but those are the main routes; but the carriers that I have shown on 1106 here, with the exception of the Mason & Dixon line, according to my information, operate generally over the eastern route, or the one going through Richmond, Greensboro, Charlotte, and Greenville. The Mason & Dixon's operation between Baltimore and Atlanta, Ga., is, as I have explained, outside the hearing, the valley route, going down through the Shenandoah Valley of Virginia.

Q. You said that of your personal knowledge, the carriers on page 1, I believe it is, of the exhibit were at least in part competitive with lines in the unification.

A. Yes, sir.

Q. Would you say that carriers 50, plus 45, plus 42, plus 33, plus 57, and plus 31, would be competitive between New York and Atlanta, with the operation of the Horton Motor Lines?

A. It would be possible for them to form such a joint through route.

Q. I am asking you whether they are competitive today.

A. No; I don't think so, between New York and Atlanta, Ga.

Q. These portions would represent only routes between two adjacent cities, as New York and Philadelphia, or Charlotte and Greenville, would then be competitive only for the operations

between those two points, and could not be lumped together with other short-line operations to equal the service of a long-line operation; is that right?

A. Not quite. You had the extreme illustration when you began with Victor Lynn in New York, and finished with the
1107 New South Express Line. The competition of those carriers between the points that I have stated here is of considerable consequence to our carriers. The New South Express Line, for example, is a very strong competitor of ours in the South. Now, they have operations in conjunction with—let us see if I can select one here for you—the New South Express Line has a connection with Harris, carrier No. 6, for example, into the New York area, and by joint arrangement with two lines competing with the Associated carriers.

Q. That is a two-line service?

A. Yes.

Q. As compared with a one-line service?

A. Yes, sir.

Q. Rather than a five- or six-line service, which, I believe, is the basis for my example.

A. That is right.

Q. Now, you stated in several cases the routes you have indicated are those in the applications, upon which no official action has yet been taken. Am I right in that?

A. Well, I have not indicated any routes at all. I have just indicated the points that are served by these carriers, or that are authorized to be served by others. Maybe I misunderstood your question.

Q. Well, insofar as the points served must be connected for continuity of service, certain indications of points served or
1108 routes are set out in the applications of the carriers that they make under the grandfather clause; are they not?

A. The routes are set out.

Q. In the cases of those carriers which have not yet been given a certificate, you determined routes or points served from their applications only; did you not?

A. Not as to page 1.

Q. These are all certificated carriers?

A. Yes; with the exception of one correction I made in the matter of carrier 7, I believe it was.

Q. My question was not limited to page 1. As to some of the carriers on the exhibit, your information was taken from applications on file.

A. That is correct.

Q. You are connected with the Horton Motor Lines; are you?

A. That is right; yes, sir.

Q. You are acquainted with the procedural aspects of applications under the grandfather clause?

A. In a general way; yes, sir.

Q. Would a motor carrier tend to limit its requested rights in its application, or would it tend to put in everything which it felt there was a reasonable expectation of getting?

A. I should think that they would include everything that there was any possible chance of obtaining.

Q. So, and so far as their carriers are concerned, it is possible that their routes will not be so extensive under their certificates as intended under their applications?

A. That is true, I guess, with a number of them, but that does not apply to the carriers that I have indicated on page 1. That may be true of the ones on pages 2 and 3 that I have mentioned as having applications pending before the Commission at this time.

Q. You stated a few moments ago that the distinctions you made in classifying carriers to be excluded included household carriers; is that right?

A. Household goods; yes, sir.

Q. Are you acquainted with the operations of carrier No. 183 on the exhibit, Greyvan Lines, Inc.?

A. I am not familiar with the operations of that carrier.

Q. You have investigated it in the files of the Commission?

A. Yes.

Q. You do not know, as a matter of fact, whether they are a household goods carrier solely; do you?

A. My information is that they applied for household goods and general commodities, and I think the compliance order restricted them to household goods and either office equipment or typewriters or computing machines, or something like that. I believe there is another commodity, or two or three commodities, including household goods and office furniture and equipment. My knowledge of that operation is that they are a household goods carrier, at least they have been tentatively given some additional commodities, which, in my opinion, takes them out of the category of a strictly household goods operator.

Q. Then, the basis upon which these carriers were included was that if they carried more than a special commodity, they were considered competitive; is that right?

A. No.

Q. What would you call—

A. For example, if a carrier carried one of these machines or typewriters, and that was the only commodity he had, I would consider him a competitive line, but he might have two or more, as you say, special commodities, but if he was restricted to house-

hold goods only, I did not include him, and I did not consider him a competitive carrier.

Q. You spoke of the New South Express Lines as being a considerable competitor with the lines in the merger, locally in North Carolina, I believe.

A. South Carolina.

Q. South Carolina?

A. Yes.

Q. How extensive are the operations of the lines concerned in the merger in South Carolina?

A. Very slight; that is, the operations of the associated carriers extend along generally U. S. 29 from Charlotte, N. C.,
1111 through the northwestern and western part of South Carolina into Georgia. I should say that is possibly 175 miles. Of course, they have a few little short lines, extending off that route into the mill points, but the operation is not as extensive as the New South Express.

Q. The New South Express has extensive operations in the eastern and southern part of South Carolina, does it not, extending down into Florida?

A. No.

Q. Down into Florida?

A. No. They serve what is known as the Horse Creek Valley and the Piedmont section of South Carolina. They go into Columbia and down into Augusta. They cover the western part rather thoroughly, and come into Charlotte. And they also operate into Georgia.

Q. Are they exchange carriers with the Horton Motor Lines?

A. Yes, sir.

Q. So that in some sense, at least, they are not competitive, but rather supplementary.

A. Well, that is true, into Horse Creek Valley; yes.

Q. Is there any considerable exchange between Barnwell and Horton?

A. No; I don't think so.

Q. As a rule, it could be said, could it not, that strong competitors do not exchange.

1112 A. I guess that is right.

Q. Could it be said, as a general rule, that the theory upon which this exhibit is based is that any carrier, with the exception of those that carry household furniture or the other named commodities and specialties, such as oil, fresh fruits and vegetables, and automobiles, are considered competitive as to the lines concerned in the merger?

A. Yes, sir; except on page 1, again. I go back to that. It was on that page that I included the general commodity carriers

who have extensive operations in the territory I have shown here.

Mr. MACDONALD. That is all I have, Mr. Examiner.

Mr. COCHRAN. I have just one question, Mr. Examiner.

Redirect examination by Mr. COCHRAN:

Q. In excluding carriers, you exclude contract and private carriers in that exhibit.

A. Yes; I do.

By Mr. FAGG:

Q. Mr. Lawson, Exhibit 16, page 1, shows solid lines, five of them, New York to Atlanta. Is this proposed to represent all of the through one-controlled truck operation from New York to Atlanta? Does it include through service through such points as Hagerstown and Shenandoah Valley?

The WITNESS. Will you read that question, please?

(Question read.)

A. Yes. In the first place, Mr. Fagg, there are eight of those through lines from New York to Atlanta shown on page 1. It includes the carriers operating down the East Coast, as well as down the Shenandoah Valley. I believe the Mason & Dixon Lines operate through Hagerstown, for one.

Q. In other words, that half circle on line 10 indicates north of Richmond, and that line might go down through the Shenandoah Valley.

A. That is correct. It is my understanding that that carrier operates over the western route. As a matter of fact, they are operating over U. S. 29 through Lynchburg at the present time, and also down through U. S. 11 through the Shenandoah Valley. They do not—

Mr. MILLER. Mr. Lawson, will you elaborate what the recent Division 5 order was in connection with the Lynchburg-Richmond, Va.—

Exam. BAKER. You will have an opportunity to cross-examine, Mr. Miller:

A. To my knowledge, they do not operate through Richmond, and it has been so indicated here, Mr. Fagg.

By Mr. FAGG:

Q. Are there any other routes of motor truck common carriers, other than the eight, that I could secure to haul my goods from New York to Atlanta?

A. There are several shown on page 2.

Q. Are these all common carriers that are operating under a temporary permit from the Commission on page 2, from New York to Atlanta?

A. No. They are either authorized by a certificate or have received a compliance order, or their application is pending.

Q. In other words, it is a legal question, as far as the Motor Carrier Act is concerned?

A. To the best of my knowledge: yes, sir.

Q. Take page 3 of your Exhibit No. 16. No contract carriers are included in the description specific commodities carried?

A. I included no contract carriers in any part of the exhibit, sir.

Q. Do you know of any contract carriers operating from New York and/or Philadelphia and/or Baltimore to, say, Charlotte and Greenville?

A. Offhand, I would say that I cannot recall any at the present time. There may be some, but I don't know right offhand about them.

Q. Would you say that contract carriers are operating between New York and Philadelphia and Baltimore?

A. Yes; I have seen operating authorities for such carriers.

Q. Will the contract carrier operation continue over a competitive route with the carrier that you represent, from Baltimore to Richmond?

A. There are contract operators in there, too; yes, sir.

Q. Are there contract carriers between Richmond and Greensboro?

1115 A. There may be one or two. I cannot recall at the present time. I think there are one or two special commodity carriers in there.

Q. Have you any intrastate operations shown on your Exhibit No. 16?

A. Yes, sir; No. 57 is wholly within the State of North Carolina.

Exam. BAKER. Mr. Lawson, by that do you mean that they are not authorized to haul goods moving in interstate commerce?

The WITNESS. No, sir. He said intrastate operators, and I indicated that this carrier is an intrastate operator, but this exhibit reflects only carriers that have rights to transport in interstate commerce.

-By Mr. Fagg:

Q. Then, are there other intrastate operators shown between points in the lefthand column of your Exhibit No. 16, that are not included, between—

Exam. BAKER. Mr. Fagg, you might explain what you mean by "intrastate operators." Do you mean operators whose operations are physically confined to one State, or do you mean operators who transport only commodities moving in intrastate commerce?

Mr. Fagg. Intrastate operators authorized to do an interstate business under the Motor Carrier Act, which would cause them in their physical operations to operate within a State, but would permit them to handle goods known as interstate.

1116 The WITNESS. Well, Mr. Fagg, in my exhibit it is only possible to reflect an intrastate operator between such points as Greensboro and Charlotte, those being the only two points named in the same State, and you will notice that carrier No. 57 is the only one so named. All the others operate across State lines and are interstate carriers, as well as transporters of interstate commerce.

By Mr. Fagg:

Q. You are offering no evidence or exhibits having to do with contract carrier operations?

A. No; I paid no heed at all to contract operators.

Q. The furniture carrier, or furniture carriers that you referred to, are they contract carriers?

A. None that I know of. All of them are common carriers, either authorized or claiming it.

Q. In your Exhibit No. 16 you show carrier No. 44, Shein's Express, operating in competition to Horton, between New York and Philadelphia. Does that mean that that is the only operation of the Shein's Express?

A. Well, no, sir. This is as extensive as I can show it on this particular exhibit, sir. No, these carriers are not restricted to—I believe I can safely say that none of these carriers are restricted only to the points that I have shown above here on this exhibit.

Q. In other words, it might afford extensive operations.

A. Every one of them has.

1117 Mr. Fagg. All right. Thank you.

By Mr. Miller:

Q. Mr. Lawson, will you turn to page 4 of Appendix A of your exhibit carrier No. 182?

A. Yes, sir.

Q. And also refer to your chart, and indicate to me the operations that they are in.

A. 182. According to the Commission's records, that carrier can serve Philadelphia, Baltimore, Richmond, Greensboro, and Charlotte, as reflected here. I do not know what his operation is.

Q. Do you know where his headquarters are located?

A. I have it here before me.

Q. I will refresh your memory, possibly—Norfolk, Va.?

A. Yes; I believe that is correct.

Q. Your exhibit shows that the Draper Motor Service operates, Philadelphia, Baltimore, Richmond, Greensboro, Wilmington, Burlington, and Charlotte. Does he serve those intermediate points that I have named between Philadelphia and Charlotte, according to your exhibit?

A. No; I do not believe we are in harmony as to what the exhibit shows here. Page 2 does not purport to show the actual operations of these carriers. That carrier either has a certificate, a compliance order, or a grandfather clause application pending, under which it could be operated to the points shown opposite it here.

1118 Q. To the points you state? Would you say between the points?

A. If I may have a minute, maybe I can refresh my memory on the detail of his authority.

Q. I would appreciate it very much if you would. From the representation on the exhibit, I think it is a little confusing.

A. I believe that that carrier has a C-1 compliance order of the Commission, which authorizes service between Roanoke, I think it is, on the one hand, that area, and other points as far distant as Philadelphia, on the other hand, and if that is correct, if that is the kind of authority that it has, I would say that it could operate between Philadelphia and Baltimore, on the one hand, and Greensboro and Charlotte on the other.

Q. How would it operate between Richmond and Charlotte?

A. Well, if that is the authority, it would have to swing from Richmond through to the Roanoke area, and then into Charlotte.

Q. How would it operate between Greensboro and Charlotte?

A. That would be intrastate. They could not transport interstate traffic in that fashion, unless they went back through Roanoke again.

Q. That would be a very circuitous route.

A. Yes; that is right.

Q. In other words, on carrier No. 182, I believe you agree with me that that is an irregular route radial carrier as shown on the exhibit, and operates from Richmond and Burlington

1119 to Charlotte, but it has no direct service of that nature, but will have to go through Roanoke, Va., which would be a circuitous route.

A. Well, the exhibit was not intended to portray direct service, because line 182 of the graph here does not represent a route. It merely indicates that that carrier has some kind of authority to operate at Philadelphia, Baltimore, Richmond, Greensboro, and Charlotte. Now, over what highways it would operate is unknown to me.

Q. Well, would you say that you do believe that a radial irregular route carrier does have authority to transport between certain points, as long as it goes to its base points?

EXAM. BAKER. That is a question of law, is it not, Mr. Miller?

MR. MILLER. I believe Mr. Lawson has, in all probability, made that clear to the Commission.

By Mr. MILLER:

Q. Carrier No. 167, page 4 of your exhibit, O. C. Wiley & Sons, Inc., will you indicate the operation that you show on your exhibit?

A. That carrier has an application pending before the Commission, and such application includes Richmond, Greensboro, and Charlotte as points it may serve.

Q. In fact, is O. C. Wiley & Sons, Inc., another radial irregular route carrier, with operating base at Richmond, Va., 1120 to your knowledge?

A. I don't know. I have not been able to figure out what he has.

Q. Are you acquainted with the competition which he is at present giving to Horton and Barnwell, if any?

A. Well, he is giving some competition, but I cannot say that I am familiar with the extent of it; no.

Q. Carrier No. 157, Booze Truck Lines: Will you please indicate in what manner that operation is competitive to any carriers in this proposed consolidation—Booze Truck Lines.

A. I am trying to refresh my memory on that. I believe, in addition to his regular route—I think I can recall correctly—in addition to his regular route operation, he has a radial operation from Roanoke, which includes—I believe it extends 150 miles from Roanoke into Virginia and North Carolina, or at least into North Carolina. He has some rights over to Richmond. I cannot recall the detail of his operating authority. As a matter of fact, Booze has a certificate including such authority.

Q. Well, to the best of your knowledge, does he render any service whatsoever between Richmond and Charlotte?

A. Between Richmond and Charlotte?

Q. Yes.

A. I don't know if he does.

1121 Q. And if he did so he would have to render it through his base point, Roanoke, Va.; is not that correct? You stated he was a radial carrier.

A. Well, he has a regular route operation into North Carolina.

Q. To Winston-Salem?

A. Yes; I believe you are right, that into Charlotte he would have to go under his certificate, or come over through Roanoke to get there.

Q. He would not be a serious competitor with the competitors that operate from Richmond down to Greensboro or Charlotte; would he?

A. Well, it depends upon your definition of "serious." He could transport the traffic.

Q. Serious, as far as Barnwell and Horton are concerned.

A. He would have a circuitous route to follow. I would not consider him a serious competitor between those points, no, but there are many other points included in that certificate of his, where it would be very serious.

Q. Well, would you not reflect it on your exhibit?

A. Well, it was not possible to do that without using reams of paper. The carrier covers the entire western part of North Carolina. I should say, perhaps, the area would include more than the western part and all the industrialized part of North Carolina.

Now, moving up from Charlotte into Greensboro area 1122 and into the tobacco manufacturing section, the operating authority there is a serious proposition, as far as our company is concerned, because he could give service in there.

Q. Your company does not serve Norfolk, Va., does it?

A. No; Barnwell does, and so does Southeastern.

Mr. MILLER. Mr. Examiner, I have not been present all the time, and I do not know whether any stipulation has been made in this proceeding by which we can refer to various documents in the Commission of these motor carriers to indicate the operating rights, as shown actually in the documents filed with the Commission. I believe that such a stipulation is necessary in order to clarify such exhibits as this.

Exam. BAKER. No such stipulation has been made.

Mr. MILLER. I would like to inquire whether it is agreeable with the applicant to make such a stipulation.

Mr. SULLIVAN. Certainly; all of the Commission's records of any kind or nature whatsoever we would be happy to agree be made a part of it, including every report which has ever been made on the subject of motor carriers.

Mr. MILLER. Thank you, sir.

Exam. BAKER. How do the other intervenors feel about such a stipulation?

Mr. MACDONALD. There is just one question, Mr. Examiner. Will that include the report on the prior application of the motor carriers concerned here, Dockets MC-F-1223, 1244, 1123 and 1264?

Exam. BAKER. As I understand Mr. Miller's request, the stipulation would be that reference might be made to the certificate applications of the carriers that have been mentioned as competitors of the carriers involved in this unification. Is that correct, Mr. Miller?

Mr. MILLER. That is correct, and I believe Mr. Sullivan is even willing to go further and broaden it.

Mr. SULLIVAN. I just said anything you want, sir, is all right with me.

Exam. BAKER. I do not assume that you incorporate everything.

Mr. MACDONALD. It is our feeling that if any of the Commission's records are to be included, the annual reports, which do not seem to be included, but which give very valuable information as to the character of these carriers, and any other records which are pertinent, should be included. Of course, it is limited in its scope, just by the nature of the subject.

Exam. BAKER. Well, suppose we confine ourselves to the particular stipulation that Mr. Miller is speaking of at this time, and pass on one thing at a time.

Mr. MACDONALD. Well, I would suggest this: Would that be limited to the certificate docket file?

Exam. BAKER. That is my understanding of Mr. Miller's 1124 request.

Mr. MILLER. That is my request, but I would make a further request, to this extent, that I would like the privilege of referring to the Commission's records which deal with the issuance of the I. C. C. license tags to various carriers, because they indicate, sir, the tractors and trailers that they operate.

Exam. BAKER. Mr. Miller, all of that information will be contained in the annual reports to these carriers, and a stipulation has been entered into that reference might be made to their annual reports.

Mr. MILLER. That is as to class I carriers.

Mr. MACDONALD. No objection.

Exam. BAKER. Do any other intervenors have any objection?

Mr. Miller, in order that there may be no confusion, I suggest you restate, in specific language, the type of stipulation that you desire made.

Mr. MILLER. My original request was that the parties be permitted to refer to the MC dockets on file with the Commission to ascertain the operating authority either applied for or granted. I made the further request that permission also be given to the various parties to refer to the proper section of the Commission to determine the number of the I. C. C. identification plates issued to

various carriers, in order to determine the number of vehicles which they operate. I believe the annual reports would get that information as to the class I carriers, but as to the other carriers I believe the only manner in which it could be determined would be by the number of identification plates actually issued.

Exam. BAKER. If there is no objection, the record will show that all parties agree to the suggested stipulation. Now, you may proceed, Mr. Miller.

By Mr. MILLER:

Q. Mr. Lawson, on page 1 of your exhibit, carrier No. 3, identified as Howard Hall Company, Inc.: Are you familiar with the type of operation conducted by that carrier?

A. Not the full extent of its operation. I know that it is operating into the East from Birmingham and that territory. It applied for quite broad operating authority throughout the eastern part of the United States. I mean by that, the part east of the Mississippi River. I do see its equipment operating through these towns here that I have indicated. I have seen that within recent times.

Q. Would it be your opinion that this carrier is principally engaged in operation between Alabama points and eastern points?

A. I should say that perhaps that is true at the present time.

Q. Would that also be your testimony as concerns carrier No. 4, Jack Cole Company, Inc., and also the Alabama Highway Express, Inc., carrier No. 66?

A. Well, with respect to carrier No. 4, I do not know whether that carrier is operating exactly the same as Hall is now or not, as he was some time ago. He has had some change in his type of service. He has become quite a heavy competitor in the New York area, as far as our line is concerned. It is pretty hard to follow some of these lines to determine whether they are continuing the claimed irregular route radial operations that they may have at one time performed, or converted into a regular route between certain points. Now, as to carrier No. 66, that operator claims the right to operate to New York? I do not know anything about its operation, except what I have observed in Georgia and northern Alabama, and I believe western South Carolina.

Q. Carrier No. 14, Central Motor Lines, Inc.: Are you familiar with the type of operation conducted by that carrier?

A. Well, to the extent that I have indicated here, yes. Of course, that carrier is operating as far west as Chicago, Ill., from the Carolinas. It has a very broad operating authority claim on file before the Commission, including everything, I think, east of

the Mississippi River, and also has a certificate which they purchased from another line. I do not know the full extent of its operation, but it is operating to the extent that I have shown here, to my personal knowledge, and quite frequently, too.

1127 Q. Of what commodities does its principal outbound traffic from the Carolinas consist: do you know?

A. I think as to the outbound traffic, its source of business is the Cannon Mills Company. That includes cotton textiles, silk hosiery, and I don't know what all commodities the Cannon Mills manufacture. It is quite an extensive business in the Carolinas. They transport, however, for other people, too. I should say that textiles probably are its principal outbound traffic.

Q. Originating from which point?

A. I was trying to recollect the location of those mills. One of the biggest mills is at Kannapolis, N. C., but that is not the only one they have. I think they have three large cotton mills, and when I say "large ones," I mean ones that occupy practically the entire town in which they are located. Kannapolis, for example, is practically all Cannon Mills. I don't know where the silk hosiery comes from; that is, I do not know at what point they manufacture that.

Q. Carrier No. 7, McLean Trucking Company, Inc.: Are you familiar with the type of competition which he gives to the Associated Transport Company?

A. Yes, sir.

Q. Will you state what that competition is?

Exam. BAKER. Of course, Mr. Miller, there is no Associated Transport Company operating at the present time.

1128 Mr. MILLER. I should have said the associated companies; or, as Mr. Lawson has it in his exhibit, certain representative and principal motor common carriers composing a part of Associated Transport, Inc.

The WITNESS. I think I understand what he has in mind. With respect to the character of the operation of McLean, I can say that he claims to be an irregular route carrier serving the central part of South Carolina, including all of the Piedmont section, which would include all of Horton and Transportation Companies' territory, or routes in South Carolina, the central and Piedmont section of North Carolina, which includes all of the territory operated by Horton, Barnwell, and Transportation, with the exception of Asheville. I believe McLean has restricted his application in the western part, finally. He operates into or through Richmond. I don't know that he serves that point, but his trucks go through, coming up U. S. 1 into Washington, Philadelphia, Baltimore, and New York, and claims large areas around

each of those terminal points, and on into New England. He is at the present time transporting directly between North Carolina and New England.

By Mr. MILLER:

Q. One commodity?

A. No; he claims to be a general commodity carrier. He is transporting a variety of commodities.

Q. As to the number of carriers in this exhibit, which I will not take the time to point out, but the names of which I believe you are familiar with, would you say that generally their operation had been from North Carolina, transporting furniture, a commodity on which Horton and Barnwell restrict their tariffs?

A. No; I don't think that would be a correct statement. Carrier No. 15 is a certificated carrier between New York and Greensboro, S. C. He has a certificate more inclusive than all the territory of Horton and Barnwell put together, and I seriously doubt that he transports furniture at all.

Q. And what about Carrier No. 19, Hooks Motor Lines?

A. The Hooks Motor Lines is at High Point, N. C., which is a large furniture producing center, and a considerable amount of his northbound traffic is furniture, but my recollection is it is not confined to that commodity. He is actually transporting other commodities, too.

Q. And would your statement with reference to Hooks also be true as to carrier No. 51, Colonial Motor Freight Lines?

A. I believe that is true. I think that generally they are about the same kind of operator. Their operations are not as extensive, however. They run over more or less a regular route.

Q. Would that also be true as to carrier No. 85, Stanleytown Motor Lines, Inc., with reference to his particular basing point, Bassett, Va.?

A. Yes. I believe Stanleytown.

1130 Q. Located at Stanleytown?

A. Well, it is in that furniture producing section, the southwestern portion of Virginia, and my recollection is that his outbound traffic is substantially furniture.

Q. There are a number of furniture carriers, principally operating in the Carolina-Virginia territory, that are reflected here upon which I cannot presently locate; are there not?

A. Yes; they are furniture carriers in the sense that they carry furniture; but they certainly do not limit themselves, and I do not think the Commission has limited them; at least, the ones that I have indicated on page 1. I do not know how the car-

riers—I cannot tell you about the details of the traffic carried by the carriers on pages 2 and 3. I do know about some, such as Stanleytown, which you mentioned, but the carriers on page 1 are transporting a variety of commodities. Of course, the variety outbound from North Carolina is somewhat limited by the very nature of the business that is carried on down there, and the shipments that move out. The inbound, however, gives you an entirely different picture. The people in that section of the territory, and the manufacturing concerns, are drawing business and materials from these other areas in there constantly; so that while the carrier may transport cotton textiles from one of the big cotton mills outbound, he is very likely transporting a variety of inbound traffic.

Q. Carrier No. 55, E. T. & W. N. C. Motor Transportation Company, shown on your chart as serving Greensboro, Burlington, Charlotte, and Greenville? Do you know anything about the nature of the operation conducted by that carrier?

A. By "the nature," what are you referring to? I don't understand that.

Q. Well, as a matter of fact, does the E. T. & W. N. C. Motor Transportation Company operate generally between points in the Carolinas and Tennessee points without interchange?

A. They have quite an extensive operation in North Carolina, and they swing over to Asheville, or into the western part of North Carolina. I do not know whether they go to Asheville, in order to get on the road going directly southeast to Greenville. They do go into Greenville. I have seen their operations down there. I have seen their equipment in that town.

Q. Mr. Lawson, I believe you are familiar with the number of applications filed under the grandfather clause by the motor carriers throughout the country, and I am wondering whether you have any statistics to indicate the number of one-truck operators.

A. Yes; I have, but I do not recall much about it now. I never paid a lot of attention to those so-called one-truck carriers. I do not find many of them.

Q. A large percentage of furniture carriers in business are one-truck operators; would you not state that?

A. No, sir. As I have just said, I find very few one-truck operators. Of course, I have not made any special effort to turn them up or reveal them, but—

Q. As to carrier No. 10, I note you indicate that that carrier is serving Greenville.

A. I corrected that. It was an error in drawing this chart.

Q. Did you say why you loop a line to that carrier over Richmond, Va.?

A. Yes; because I did not know that that carrier serves Richmond, and I don't know now that it does.

Q. You are acquainted with the recent Division 5 report that that carrier is entitled to serve that point?

A. Yes, sir.

Mr. MILLER. That is all.

Exam. BAKER. Are there any further questions of this witness. Witness excused.

(Witness excused.)

Exam. BAKER. We will take a recess.

(There was a short recess taken.)

Exam. MAKER. Come to order, please.

Mr. COCHRAN. I would like to offer in evidence, if the Examiner please, the document marked for identification as
1133 Applicant's Exhibit No. 16.

Exam. BAKER. Applicant's Exhibit No. 16 will be received in evidence.

Mr. MacDONALD. Mr. Examiner, you have not asked for objections. I might possibly have objections.

Exam. BAKER. I am sorry, sir.

Mr. MacDONALD. I thought you were writing something. I object, on the ground that the exhibit does not show a complete representation of the facts it purports to show, and no evidence of which is clearly upon the record.

Mr. MILLER. I would like to join in that objection, for the same reasons, especially as it relates to pages 2 and 3 of this chart, which, in my opinion, cause a great deal of confusion because the lines up there present a picture of carriers between those points, and the testimony of the witness shows that such is not the case.

Exam. BAKER. In the Examiner's opinion, the objections are directed primarily to the weight of the exhibit rather than to its competency. The exhibit will be received in evidence.

Mr. MILLER. Exception.

Mr. MacDONALD. And you will note an exception by us, Mr. Examiner.

Exam. BAKER. Noted.

(Exhibit No. 16, Witness Lawson, received in evidence.)
1134

Mr. SULLIVAN. Mr. Reicher.

HARRY J. REICHER resumed the stand and testified further as follows:

Direct examination by Mr. SULLIVAN:

Q. You have testified before?

A. Yes, sir.

Q. Mr. Reicher, in connection with your testimony, there was offered in evidence an exhibit known as No. 13, which, at the present time, is still in typewritten form, although the original is at the photostaters. Have you had an opportunity to check the figures on that since you left the witness stand?

A. Yes, sir.

Q. Are there some errors in the figures on that exhibit which you wish to indicate?

A. There are just a few typographical errors. This schedule was typed at 4 o'clock yesterday morning and brought down here by plane to get here on time. It was checked during the day today, and I just wish to call attention to these typographical differences. With respect to the column "Horton Motor Lines," the item of \$58,840 treasury stock, should be in brackets, to show a deduction. The item under "McCarthy," on line 2 under "Additions to P. & L." has only one bracket, which may be 1135 confusing. There should be two brackets, indicating a deduction.

Item No. 3, under "McCarthy," and under "Additions to Surplus" should be \$110.58 instead of \$110.50. Item No. 13 is in brackets, and the brackets should be removed.

Exam. BAKER. What is the figure there?

The WITNESS. \$1,896.43. In the column "Horton Motor Lines," the total under "Additions to Surplus," at the bottom of the page, should be 75 cents instead of 73 cents. Under "Barnwell Brothers," the total of \$46,181.82 should have another bracket to indicate a deduction. Under "Barnwell," again, "Additions to Surplus," \$18,385.62 should have another bracket.

At the bottom of the page under "Barnwell," the brackets, in the amount of \$12,299.24 should be removed. Under column 31, under "Transportation, Inc.," line 31, the amount of \$369.92, under the "P. & L." column, should not have any brackets. On page 2, under "Arrow," line 5, there should be two brackets instead of one, in the amount of \$653.86. Under "Arrow," on line 28, the amount of \$2,084.69 should be \$2,048.69.

On line 2, the figure \$33,185.79, under "Arrow," should 1136 not have any brackets. The total in the column "Conger Realty Company," of \$25,878.78 should have two brackets instead of one.

Mr. SULLIVAN. That is all.

Exam. BAKER. Are there any questions?

Mr. WIPRUD. No questions.

Exam. BAKER. Witness excused.

The WITNESS. Thank you.

(Witness excused.)

Mr. SULLIVAN. Mr. Seymour.

1137 B. M. SEYMOUR, was recalled and testified further as follows:

Direct examination by Mr. SULLIVAN:

Q. You have been previously sworn and testified in this matter, Mr. Seymour?

A. I have.

Q. Mr. Seymour, will you state whether or not each of the designees provided in the contract in this matter have agreed to the adjustments of Mr. Reicher's report as being correct?

Mr. FAGG. May I have that question, please?

Mr. SULLIVAN. I have not finished it. Will you read the question as far as I have gone?

(Question read.)

By Mr. SULLIVAN:

Q. And have waived any right to the appeal that they might have under the contract?

A. They have. They have agreed as to the result of the audit, insofar as their own property is concerned, and the result of the audit on all other properties.

Mr. SULLIVAN. Those are all the questions I have.

Exam. BAKER. Is there any examination on that?

Mr. MACDONALD. Well, Mr. Examiner, I might state that we would like to go into some other matters to which Mr. Seymour testified on his original examination, all of which are pertinent to the issue of the financial features, which Mr. Seymour is more in position to testify to, as to policy, than the financial witness himself was.

1138 Exam. BAKER. Mr. Sullivan, did you plan to examine Mr. Seymour later?

Mr. SULLIVAN. No; I think this about completes the examination that we have of Mr. Seymour.

Exam. BAKER. I understood he was going to testify at the close of the applicant's case.

Mr. SULLIVAN. We have not decided not to do that, Mr. Examiner, but I have no objection—unless something should turn up—I have no objection to their cross-examining him with respect to any matter they like.

Exam. BAKER. You may proceed.

Cross-examination by Mr. MACDONALD:

Q. Mr. Seymour, in regard to the need for additional working capital, I ask you to state for the record the amount, if you know, of the officers' salaries and bonuses paid out during the last year by the operating companies herein concerned.

A. In the aggregate?

Q. In the aggregate.

A. I cannot state it. It is available, but I would have to—

Q. Could you approximate the figure it would represent?

Mr. SULLIVAN. Just a second. Mr. Reicher can get that figure for us right away.

By Mr. MACDONALD:

Q. Mr. Seymour, the record discloses some conflict in the amount of savings to be anticipated. In the matter of insurance one figure was given as \$275,000, which was later revised to \$390,000, and I believe you stated at that time that that was following a conference with an insurance company; is that correct?

A. \$390,000.

Q. Was this company the Manhattan Auto Mutual Insurance Company?

A. No.

Q. Will the Manhattan Auto Mutual Insurance Company participate in the insurance program for the new company, if it is approved?

A. It will not.

Q. Referring to your testimony as to the saving estimated to result from the proposed merger in regard to solicitation expense, I believe the figure was \$150,000. How will displaced solicitors be used in the business, or will they be displaced entirely?

A. That has been the subject of very considerable discussion between the gentlemen who are interested and myself, and it is the opinion of the men for whom these men now work that they will be used otherwise in the company.

Q. You have not any idea as to what type of work they would be employed at?

A. Well, you have to be acquainted with the make-up of the personnel of the traffic department. Many of them are junior men; many of them are men that are not thoroughly seasoned solicitors. The need for a reduction of the solicitation is primarily a desire to render a better service to the shippers, because we certainly do not want to press solicitation to a point where the Associated Transport, if the application be approved—where solicitation becomes a matter of irritation and annoyance to the shipper.

Q. Each solicitor who is retained in the capacity of solicitor would solicit for all the lines concerned; would he not?

A. Certainly, as soon as the Associated Transport became the sole operating company.

Q. And in that regard, would it be reasonable to assume that information coming to a solicitor who had been employed by Consolidated, for example, could make the information which he had as to operations, from exchange carriers in other territories available to those members of the merger engaged in operations in those territories?

A. I would not imagine that there would be any reason for any secrecy as between the operating companies. What occasion there would be for it I cannot conceive.

Q. There would be a pooling, more or less, of solicitation information as a result of the merger?

A. Eventually, if the application be approved and the Associated Transport becomes the sole operating company, then I would certainly think that there would be a tendency to move
1141 towards centralization of solicitation.

Q. Is it the intention of the officers to bring about a complete merger of identities within a practical period of time?

A. Yes; it is the intention of Associated Transport to become the sole operating company, with the qualification that sometimes we would very much prefer to continue the present units as operating divisions.

Q. That is, insofar as they are not duplicating.

A. Well, there would be no duplication eventually, because, certainly, we would want to surrender any duplication of rights.

Q. Well, for example, Horton and Barnwell, as I understand it, are largely duplicate carriers over the North-South route.

A. That is correct.

Q. Would they be kept in their separate identities, or would the operation of those two groups be a division operation?

A. Just as soon as they would be physically put together, we would want to surrender the right of either one company or the other.

Q. Will you please explain how the saving of \$250,000 for the first year and \$450,000 for the second year, and succeeding years in terminal costs will be accomplished?

A. That would be accomplished primarily—well, it would be accomplished in two ways; first, by a gradual consolidation of terminals, where that is feasible and possible, and where
1142 two or three companies presently have the same number of terminals within one city, one terminal would take the place of three, and another terminal would be put in some nearby town to enable the company to render a better service to the shippers.

Q. Where there are as many as five or six terminals in one town, as I believe exists in certain cases here, is it practical to consider that the volume which has been going to those five or six terminals can be used in regard to one—can be contained, shall I say, in one terminal?

A. No; it would not be possible.

Q. Where a large number is cut down to a single terminal, or two terminals, it would necessitate considerable enlargement.

A. Well, it is very hard to answer that question along general lines, because each situation is different. In New York City, as an illustration, where there are at present seven terminals of the eight carrier companies, it is very likely that eventually that number would be reduced to perhaps two or three, and the location of the terminals would be changed. Presently, the terminals of all carriers, I would think, up to probably 85 percent, are concentrated in lower New York. It may be altogether possible that one terminal would be located on the Jersey side, that being a more logical place to break freight. It may very well be that one would be located, perhaps, in the upper Bronx, and one in Manhattan.

Q. Which carrier of the eight does not have a terminal in 1143 New York?

A. McCarthy.

Q. And may I refresh your memory by saying that possibly Transportation does not have one also; so that it would be six instead of seven?

A. Oh, yes; that is correct.

Q. Will you explain how that saving—I believe it was \$250,000 for the first year—will be accomplished?

A. It will be accomplished by a reduction, eventually, in the number of terminals, by an elimination of the overhead of a terminal, limited principally to a reduction in rent and supervision—

Q. Excuse me. I believe this was stated to be the saving which would be realized in the first year.

A. That is correct.

Q. Could you bring it down a little closer to the fact than to say "eventually," which sounds like it might be in some subsequent time.

A. Yes. I say "eventually" because our best judgment is that the saving that can be achieved is going to exceed \$250,000 by several times.

Q. But that does refer to the first year of operations?

A. I can only answer your question as to the \$250,000 to be saved within the first year by having available that which I have not available, which is a rather detailed study of it, and which 114 is in New York. It is a treatment by terminal and by city.

Q. Referring to the application contained in Docket MC-F-1613, and the number of shares which you have subscribed to, which is 31,240, and assuming the actual value of the common stock concurrent with its conversion value, or \$25 a share, the stock would be worth to you considerably more than its par value, would it not?

Mr. SULLIVAN. Excuse me. I am afraid I will have to object to that on the ground that it is not within the scope of the proceedings. It calls for a guess. It serves no useful purpose.

Mr. MACDONALD. I am afraid that objection is very general, and he is merely trying to protect the witness from having to answer, and that is a question which it might not be of interest to the applicant to have him answer.

Exam. BAKER. Can you state, Mr. Macdonald, how an answer to that question would aid the Commission in determining whether the proposed transaction would be consistent with the public interest?

Mr. MACDONALD. I can, Mr. Examiner, but I would prefer to bring it out by question and answer. I think that is the way it should be brought out, but I can state for the record what my purpose is in this line of questioning and what I expect to prove, if you would rather have it that way.

Exam. BAKER. I would prefer that you do that.

1145 Mr. MACDONALD. O. K. It is my purpose to establish by this witness that at the capitalized value of the stock issued to him at \$1 par, and using 10 percent as the basis for capitalization, the value of that stock will eventually achieve not the stated \$700,000 total par value, but a value in excess of \$20,000,000, and when the preferred is added to that the total capitalization of the company would be over \$30,000,000, and the value of this stock, for which Mr. Seymour is paying \$31,240, could, on that basis, be equal to three-quarters of a million dollars. I wish to ask the witness what service he has rendered for such a return if it could be assumed that the stock would eventually reach a value of this type?

In support of that, I wish to show that the stock in the last company was to be marketed at \$22 a share, and that the difference in the companies is reflected by the difference in the amount of preferred, largely, having no relation, insofar as earnings are concerned, to the common. I wish to show further that the Transport Company, which is 100 percent owned by Kuhn, Loeb & Company, as I understand it, who was given 9,000 shares of \$1 par for—and I quote from the application contained in Docket MC-F-1613—certain accounting material, engineering surveys, appraisals and maps, and transcript of testimony, et cetera, developed and

acquired by Transport Company in conjunction with the
1146 attempted merger in 1940, and so forth.

I wish to determine what those materials were, whether they were not materials concerning the 28 operating companies and other nonoperating companies concerned in the original application, and, if so, whether this was not a nominal consideration for the 9,000 shares of stock which, on the same capitalized basis as we used for determining Mr. Seymour's increment in value, would amount to a quarter of a million dollars, which Kuhn, Loeb & Company expended in organization expenses in the last application, and for which they received no return, and the net result is, so far as Kuhn, Loeb & Company is concerned, that it is being paid out of this application, in our opinion, for its loss in the organization, or attempted organization, of the last company. We wish to—

Mr. SULLIVAN. I object to his referring to the last company all the time.

Exam. BYKER. Mr. Sullivan, allow him to complete his statement.

Mr. SULLIVAN. If anyone would call me names, I wouldn't have to stand it, and I think he means it in the same way. I think that is what he means by calling it the "last company."

Exam. BAKER. You may proceed.

Mr. MACDONALD. Mr. Sullivan at various times has stated that there are no relations between the companies, and it was
1147 part of my offer to prove that, so far as the promoters were concerned, there is continuity, as part of this organizational expense, and certainly \$1 par is not all it is going to be worth. There might be some increment which will affect and ultimately control the company, and therefore be in the public interest.

Exam. BAKER. Mr. Macdonald, I will consider your statement as an offer of proof, and will sustain the objection of Mr. Sullivan.

Mr. MACDONALD. I have further questions.

By Mr. MACDONALD:

Q. Mr. Seymour, is it contemplated that any of the issue of \$1,500,000 preferred, to be offered to the public, will be offered to any group or groups of shippers or companies otherwise concerned in the transportation field?

A. I have not the slightest idea who may buy the stock, and there never has been any conversation, up to this point, on the subject. Insofar as shippers are concerned, I can certainly say that the answer is "No." Certainly I have never talked to any shipper, and I know of no one in the group that has ever done so, and such a thing has never been contemplated.

Q. Are there any commitments, formal or informal, with what are called the Wilmington interests, Laird & Company, and other investment brokers and bankers?

A. There has been no discussion with anyone relative to the sale of the stock.

1148 Mr. SULLIVAN. Would you read the question back? I think you meant to answer categorically, but I would like to have it read back.

(Question read.)

A. No.

Exam. BAKER. In connection with my ruling, Mr. Macdonald, I would like to point out that the facts cited by you, most of them, are already in the record, and I, of course, will not prevent you from arguing such matters as you deem appropriate on brief in that regard.

Mr. MACDONALD. Thank you.

The WITNESS. May I make this statement off the record? I certainly do not want—

Exam. BAKER. I prefer any statement to be on the record.

The WITNESS. All right. I was going to say that I would very much like to answer the question.

By Mr. MACDONALD:

Q. Mr. Seymour—

Mr. SULLIVAN. Wait a minute. We will remove our objection, on Mr. Seymour's statement.

Mr. MACDONALD. I am sorry, but in view of the fact that I was not allowed to put this in in question-and answer form, it is not fair to me to make me disclose my whole line of questioning, and then let the witness answer, instead of answering my question. I think the attorney for the applicant should be made to stand on the objection.

1149 Mr. SULLIVAN. What are we doing—a little wire tapping around here? Is there some secrecy there? We are looking for the facts in this case, and everything is above board, or isn't it? Do I understand he is just proceeding to hope to trap him into something that is not true, so that he could assume that those facts are so? What is wrong with coming out and saying it, I cannot see. That is not what he is here for. At least, we pay the Government, and the Government pays him.

Mr. MACDONALD. I agree with Mr. Sullivan that we are looking for the facts, but I want to develop them by my questions.

Exam. BAKER. Let us confine ourselves to the matter before us. Do you desire to pursue your line of questioning in view of the withdrawal of the objection?

Mr. MACDONALD. Very well. I will.

By Mr. MACDONALD:

Q. I will ask you, Mr. Seymour, that assuming the value of this common stock issued at \$1 par, equal to that which was also issued at \$1 par in the last application, Docket MC-F-1223 and related dockets, which value was to be \$22 to the public, whether you consider the increment in value which you will receive for the shares you have subscribed to a proper return for the services you have rendered in this organization?

1150 A. Well, in the first instance—and I am no financial student and I am not a promotor—I don't know that there is anything particularly in common with the ultimate value of this common stock and the conversion price that has been stated, because, in the first place, I had nothing to do with the conversion price written off. It was done by the attorneys who incorporated the company, and it was my understanding it would very likely be necessary, if this application be approved, and if the Commission decided that the company needed the \$1,500,000 of working capital, we would probably then, if such arrangements could be made to sell the stock—we would then have to submit to the Commission, I suppose, an underwriting agreement, and I had no notion at that time whether the conversion is going to be five for one or eight for one, or what it may be.

Q. Well, I will ask you to reply to the question as I stated it.

A. All right.

Q. Which I believe you probably intended, but missed in your answer.

A. Well, yes; my opinion is that the stock is not going to have a value of \$20 or \$25. That is my personal opinion.

Q. I will ask you the question which Mr. Wiprud addressed yesterday to Mr. Reicher, as to what percent, as a figure, could be as reasonable a figure as 10 percent to choose for estimating the return which you would receive out of this company on a capitalized basis?

1151 A. Well, I have never given that reasoning any consideration. You mean, I assume, whether an 8 percent return on capital, or 40 percent or 5 percent, or what is my opinion as to what is an adequate return?

Q. Yes.

A. I don't know. I would be of the opinion that if, through good weather and foul weather, a company could earn a return of 10 percent, they would be fortunate.

Q. Would you consider the company to be a worth a value capitalized at 10 percent on earnings?

A. Well, I will have to answer that question by saying to you that the capital structure of the Associated Transport was set

up on an entirely different basis of reasoning. It was set up on the basis of reasoning that, insofar as shippers are concerned, they would like to see a reasonable and modest capital structure, because I know that shippers believe that ultimately, or at least they hope that the rate structure is going to be based upon capital, and insofar as the decisions of the Commission are concerned they have indicated a desire in that direction.

Q. Well, let us put it this way: After a payment of the dividend on the preferred of \$360,000 a year, there will remain sufficient profit available for dividend payment, according to the balance sheets which have been shown here, to pay the common stockholders almost twice the value of their common stock 1152 each year.

A. If you paid out all the earnings?

Q. If you paid out all the earnings.

A. Yes, sir.

Q. Figuring the net worth of the company on a capitalized basis, not of physical assets, but of capitalized earnings, what would your estimate of the value of the common stock of this company be?

A. I do not believe that my answer to that question would produce anything, because it is a matter of calculation that I am not even familiar with.

Q. Would you say, Mr. Seymour, that the common stock today has a value far in excess of its par value?

A. I think that common stock generally has a value of something between three or four times earnings in a business of this character, or perhaps five.

Q. Three or four percent, approximately.

A. Yes; I said I thought that the common stock value would be based on three or four times earnings.

Q. Well, having in mind these figures, Mr. Seymour, which are of record, the \$1,405,528, which, according to the exhibit in the original application, not the revised figure, was the amount available for common stock dividends, and the figure of \$1,325,000

before taxes, which was the total of your estimate of savings 1153 ings which could be obtained by the merger of the operating companies and the further saving which you testified would result from a greater utilization of equipment and reduced the freight handling, the sum total of these items would indicate, would it not, that the common stock has a substantially higher value than its par value?

A. It does, if we want to presuppose that the cost of doing business won't go up, that taxes are not going to increase, and all other things, that are certainly going in that direction.

Q. Was it not true in the former proceeding involving the Transport Company that this \$1 par value common stock was given a value of \$22 per share for sale to the public?

A. Well, I could only answer that by giving you my opinion. I remember when that price was put on the stock, but I certainly never agreed with the bankers that they were ever going to sell it at that price.

Q. How do the companies concerned in this merger compare, as to their percent of earnings, in relation to the total operating revenues, with the eight terminal companies remaining out of the 28 over-the-road companies in the original application?

Mr. SULLIVAN. As to which year?

Mr. MACDONALD. As to the year 1939, or any year which the witness chooses to base his figures on.

A. I cannot answer that. I think, perhaps, Mr. Reicher might be able to.

1154 Q. Well, it is sufficient to demonstrate——

A. No, I——

Q. If you would like to——

A. I would like to try to answer the question.

Q. Go ahead.

A. My very best recollection is that the earnings after taxes of the 28 companies were about \$2,000,000; that is, the 28 over-the-road companies. Three truck leasing companies that were included have contributed another \$1,000,000 after taxes, and now, trying to answer your question, in 1939 these eight companies would represent something between 50 and 60 percent—probably more nearly 60 percent—of the earnings of all the companies.

Q. Well, that is a satisfactory answer, if you want to save Mr. Reicher the trouble.

A. That is my very best recollection.

Mr. SULLIVAN. I would like to have Mr. Reicher check it.

The WITNESS. Yes.

Mr. MACDONALD. He agrees with my figure.

Mr. SULLIVAN. Have you checked it?

Mr. MACDONALD. Yes.

Mr. SULLIVAN. If you will tell me that is O. K., I will not bother with it.

Mr. MACDONALD. I would rather not have my figure as of record.

It is not based on accounting methods.

1155 Exam. BAKER. Let us proceed.

By Mr. MACDONALD:

Q. I ask you, Mr. Seymour, whether you still are an officer or director, or both, of the truck leasing corporations which you were connected with during the time of the last application?

A. I am a-director of Metropolitan Distributors.

Q. Are you also an officer or director, or both, of Yellow Products Company?

A. No; not now. I resigned last fall.

Q. By what method was the value placed upon the common stock subscribed to by Kuhn, Loeb & Company to compensate them for the records, and so forth, which sold for 9,000 shares?

A. That was a matter of negotiation primarily between others and myself. Several of them are in the room, but it was a horse trade matter that went on over some couple of months.

Q. The transcript which was included in that list of things purchased, and which was stated to be in the public interest, was filed with the Commission, was it not?

A. Will you repeat that question?

Q. The transcript which is stated to have been included in the materials for which this 9,000 shares of stock was exchanged, was in the public record room of the Interstate Commerce Commission files?

A. That is right. That was the only reason, as I understood it, that we were able to buy it for 9,000 shares.

1156 Q. And the maps which were also listed were also in the applications, were they not?

A. The answer, very frankly, insofar as the material of the Transport Company is concerned, is that we certainly took that position with Kuhn-Loeb. The fact likewise remains, however, that there is some reasonable decency, and you cannot go ahead and use other people's material, that they have paid for, or at least these gentlemen did not want to do it.

Q. Can you estimate, in terms of dollars and cents, what that material was considered to be worth?

A. The auditing bill last year was roughly \$90,000. The surveys that were made cost about another \$80,000 or \$90,000, and much of the other material. We wound up with a cost, I would say, of something around \$200,000.

Q. Can you state what the value of this material was to the applicants in the present proceeding?

A. I would think that Mr. Reicher, as one of the men who received a very substantial part of it, could undoubtedly put into the record the material which he has used, and which does not have to be done again. There is no need of making the 1939 audit again, for one thing, which had to be done for this application.

Q. Can you state whether the audit for the date upon which the year opened, used as a basis for measuring value could be used intact from the last application, in this application, so far as the companies here are concerned?

1157 A. I cannot answer that. I know that 1939 could be used.

Q. On another subject, Mr. Seymour, is it the intention of the officers of this company, if the application is granted, to retain the Brown Manufacturing Company, United Sales Company, and other subsidiary companies in the corporate structure of the Associated Transport Company?

Mr. SULLIVAN. Mr. Wiprud asked him about that when he was on the stand before, and he answered, and I had no objection to his answer.

Mr. MACDONALD. The witness is in between. They have intimated they do not know.

The WITNESS. Well, I know. Southern New England and Conger and United Sales, all of them, whatever the number is, four or five of them, will be discontinued. Negotiations are presently on looking to the disposal of Brown Equipment.

By Mr. MACDONALD:

Q. I ask you to state for the record, Mr. Seymour, what advantage to the public will result from the inclusion of McCarthy Freight System in this merger?

A. Well, the basis upon which this application was finally put together was on what we consider sound reasoning. In the first place, all of these gentlemen who are here felt, from the standpoint of their own individual future security, it was advisable to get together with other good substantial carriers.

Q. Excuse me, Mr. Seymour. I am speaking of public benefits.

1158 A. All right. And getting together—well, I had better stop at that point, because the specific answer to your question is that in so far as McCarthy is concerned, we feel that McCarthy, in combination with Consolidated and New England, will make it possible to render a better service to the shippers, and they feel that way, than they are presently able to render.

Q. Does not McCarthy duplicate 100 percent the eastern operations of Consolidated?

A. I think very close—90 percent.

Q. Will you state, then, how that would be of advantage to the shippers?

A. The advantage to the shippers I can state in one specific way. It comes about through the advantages that accrue by getting together men of this calibre, who will be acting collectively, giving all their time and attention to the business—good service, described in many ways, and not only one specific way.

Q. It cannot really be reduced to concrete terms, the advantage which will accrue to the public, so far as the merger of these two companies is concerned, can it?

A. Well, the first advantage to the public is that it is only going, in my opinion, to be a combination of these companies, a relatively limited number of companies, and making it possible for the elimination of a very considerable amount of
1159 duplication of facilities, and something of that kind must certainly be done to offset the constantly increasing cost of doing business.

Q. Do you mean that the elimination of facilities of freight lines would be of advantage to the shippers?

A. Costs. I am talking about the elimination of facilities, terminals, and the duplication of effort—all of the things that can be done by these companies getting together—reduced costs of doing business.

Exam. BAKER. We will take a recess here for 10 minutes.

(There was a short recess taken.)

Exam. BAKER. Come to order, please. I would like to call the attention of everyone to the fact that any decision rendered by the Commission must necessarily be based on the record here made, and it is to the interest of everyone to see that the record is a correct transcript of the proceeding. Therefore, I am going to ask that everyone speak loudly and distinctly, so that there will not be any question but that the Reporter will understand. You may proceed.

Mr. MACDONALD. I would like to have the Reporter read the last question and answer before the intermission.

Exam. BAKER. Will you read that, please?

(Record read.)

By Mr. MACDONALD:

1160 **Q.** Would you say that this is a reduction in cost to the operator or to the shipper?

A. Well, it is only by a reduction in cost of doing business that it is going to be possible to even hold the rates where they are, and certainly to reduce rates.

Q. You do envision, then, an eventual reductions of rates?

A. I cannot say that I envision it, but I certainly would say that if there is not some way found to reduce the cost of doing business, such a thing is never going to be possible.

Q. In the immediate future, the advantage of any reduction of cost would be to the operators, would it not?

A. Sure.

Q. And it would only be possible to pass that on to the shippers in the form of reduced rates, would it not?

A. That and the ability to render a better service.

Q. And by "better service," you mean in point of time and all of the various other elements that you have mentioned in your previous testimony?

A. I mean that a company that is making money can do a better job of rendering service than a company that is not making money. There are many things that have to be done in this business, and it takes money to do it.

Q. Referring for a moment to the Brown Equipment Company, which you stated it is the intention of this Associated Transport Company, when and if the application is approved, to sell, would you state for the record, please, whether there will be 1161 in the directorate of the Brown Company any directors or officers who are concerned in the Associated Transport application?

A. If it is sold, it will go lock, stock, and barrel, and there would be no remaining connection.

Q. Will you state for the record, please, why, Kuhn, Loeb & Company was given stock rather than cash for the materials which they sold to the Associated Transport, Inc.?

A. It is very simple to answer—because there was not any cash to pay with.

Q. It could not have been done on a basis of debt to be paid out of the assets to accrue when the organization was completed?

A. I did not negotiate the deal with Kuhn-Loeb. Mr. Sullivan did, because they made demands, and that made it necessary for the attorney to move in, but certainly they would not have been willing to have gambled.

Q. The subscriptions listed in Applicant's exhibit in Docket 1613 were not paid for in cash, then?

A. I don't know what—

Q. Referring to the list of subscribers and the amounts of stock they purchased on Exhibit A-1 (D).

A. Yes; that is correct.

Mr. SULLIVAN. No. He said they were not paid in cash. You misunderstood him.

1162

By Mr. MACDONALD:

Q. I say they were not paid in cash, referring to your statement that there were no cash assets.

A. It was paid in cash.

Q. Why was not this cash available for payment, then, to Kuhn, Loeb & Company for the materials?

A. Because we knew what it was going to cost to prosecute the application, and we knew that the money would not stretch. As a matter of fact, we were right.

Q. Then, provision was only made for organizational expenses other than purchase of materials from Kuhn, Loeb.

A. That is correct. As a matter of fact, there still is an insufficiency of money.

Q. Will you please state for the record whether there is any agreement between you and any other persons as to the divisions of your holdings in this company—your holdings?

A. One exception. I have agreed to pay to Mr. Charles Cotterill 2,900 shares of stock.

Mr. SULLIVAN. Why was that?

Mr. MACDONALD. I am sorry, Mr. Sullivan, I am not through yet.

By Mr. MACDONALD:

Q. Will you state what the consideration was for the agreement to transfer those shares to Mr. Cotterill?

A. Mr. Cotterill was the attorney in the matter of the Transport Company last year, and he devoted all of his time to it, 1163 and he has told me, and I have no reason to question that, he did lose most of his practice, if not all of it. I just, under the circumstances, felt sorry for him, and as a result of the conversation we had I made that offer to him, and it was handled in that way.

Q. Do you know whether or not Mr. Cotterill has any agreement as to further distribution of those shares which he will receive from you?

A. I don't know, but I am sure he has not.

Q. Can you put any valuation on that stock, in terms of dollars and cents?

A. If the application is not approved, it is worth nothing. If it is approved, I can only guess at it. I think the stock would be worth eight or nine or ten dollars a share.

Q. Referring to the—

A. At some time.

Q. Referring to the subject which was the point of my original question, that is, the need for additional operating capital, you were going to secure the figures for the salaries and bonuses paid off during the last year.

A. You want the figure combined?

Q. If you have it broken down, I would like to get it that way.

A. This is combined. Do you want it broken down as between bonuses and salaries?

1164 Q. No.

A. Arrow, \$46,000; Barnwell, \$43,000; Consolidated, \$25,000; Horton, \$40,400.

Mr. SULLIVAN. How much?

The WITNESS. \$40,400. .

Exam. BAKER. Mr. Seymour, these are merely the bonuses that you are reading; is that so?

The WITNESS. Salaries and bonuses.

Exam. BAKER. Mr. Seymour, if you do not know from your personal knowledge, perhaps you had better not testify.

The WITNESS. I think there is an error there.

By Mr. MACDONALD:

Q. Mr. Seymour, do you know what Mr. Horton's salary has been for the last year?

A. Yes; it has been \$74,000 for several years.

Q. And it would now drop to \$25,000, would it not?

A. Thirty-six thousand dollars.

Q. Thirty-six thousand dollars?

A. Yes.

Q. In total, there are going to be considerable nonrecurring expense items drawn from salaries and bonuses, are there not?

A. Yes.

Mr. SULLIVAN. Excuse me. I could not hear that question. Will you read it?

(Question read.)

Mr. SULLIVAN. All right.

1165 Exam. BAKER. Did you understand the question, Mr. Seymour?

The WITNESS. I think I did. Perhaps I don't understand the—

Mr. MACDONALD. Mr. Seymour and I understand each other. It is a matter of Mr. Sullivan—

Mr. SULLIVAN. Well, now—

Exam. BAKER. I want the record to be clear.

The WITNESS. My understanding of the question is that there had been certain salary reductions agreed upon, and they have been put in as nonrecurring expenses.

By Mr. MACDONALD:

Q. These items could in the past have been left in the business had the officers, who were also the owners of these companies, desired; could they not?

Exam. BAKER. Mr. Macdonald, I do not see the point of going into what might have been. We have a situation before us, and the only question now is to deal with the present situation.

Mr. MACDONALD. Mr. Examiner, my only point is that the present situation is reflected upon the books of the company, as adjusted by the auditor. The condition of these books, when he got them, was, as a result of the operation of these individual companies, largely

family or one-man owned, and consequently reflected a different picture than might have been the case if it had been a widely distributed stock ownership.

1166 **Exam. BAKER.** Both of those pictures are in the record, though, are they not?

Mr. MACDONALD. In that case, I do not wish to pursue that subject any further.

By Mr. MACDONALD:

Q. Will you state for the record, Mr. Seymour, what is the intention of the officers of the Associated Transport, Inc., in regard to using the \$1,500,000 preferred stock issue request here, if it is allowed to issue such stock.

A. Well, the principal reason is because, if we do not have an adequate working capital, if we do not have a reasonable ratio of assets to liabilities, or at least two to one, it is not going to be possible to secure equipment money at the low interest rate that we can secure it at if we are substantially stronger.

Q. Do you plan, then, to go into an extensive purchase of new equipment?

A. We have no reason to believe that the volume increase of the companies, if Associated Transport becomes reality, will be any less than it has been with these companies in prior years.

Q. Is it planned to use parts of this sum for any other purposes than the ordinary needs of daily receipts and expenditures?

1167 **A.** It may very well be that the board of directors will decide to clear up outstanding mortgages and take care of other obligations. I don't know in detail.

Q. Has it been considered to use any portion of this to purchase control or purchase entirely any other motor truck companies?

A. There is no intention to acquire any other property—any other carrier property or any other property.

Q. Mr. Seymour, is it the intention of the officers of Associated Transport, Inc., to put in joint rate schedules with railroads or with other carriers more extensively than the individual companies have done in the past?

A. I have not the slightest idea.

Q. There has been no consideration given to the rate problem?

A. I individually have given no attention to it, and the last six months I have had no time. It is very difficult to put together a business of eight rugged individualists, where they are bringing everything into a common pot. It does not leave time.

Mr. MACDONALD. That is all I have.

Mr. SULLIVAN. I have a few questions.

Redirect examination by Mr. SULLIVAN:

Q. Mr. Seymour, when these eight "rugged individuals," as
1168 you say, were attempting to put this proposal together during the spring of this year, were there used at that time many audits and books and records, etcetera, that were available through Mr. Reicher's office, or through having been offered in evidence in the Transport case, which came into the possession of us during that hearing?

A. Yes.

Q. And was it the fact that they were used, and being used, as of that time, the reason that no previous attempt, for a financial consideration, was made to acquire them?

A. That is right.

Q. And then did there come a time when there were attempts on the part of the Transport Company, who were the owners of them, to do something about them, or else—

Mr. MACDONALD. I object to the form of these questions as leading and to the subject of them as one which Mr. Seymour testified he was not a party to the negotiations concerning.

Mr. SULLIVAN. I am not dealing with the negotiations.

Exam. BAKER. Complete the question.

Mr. SULLIVAN. Would you read the question?

(Question read.)

A. The answer is "Yes."

By Mr. SULLIVAN:

Q. And was that the time that I, as attorney, was directed to go to—

Mr. MACDONALD. I object again. All of these questions are leading.

Mr. SULLIVAN. He made him his witness as to those
1169 things. That was not cross-examination. He made him his witness on those questions.

Mr. MACDONALD. Mr. Sullivan opened the field for cross-examination by his own words.

Exam. BAKER. Mr. Sullivan, complete your question. Do not answer it, Mr. Seymour, until I pass on the objection.

(Question read.)

By Mr. SULLIVAN:

Q. To deal with the officers of the Transport Company with respect to the records, and their attorney.

Exam. BAKER. He may answer that.

A. Yes.

By Mr. SULLIVAN:

Q. And, as a matter of fact, were the negotiations conducted between myself and the attorney for the Transport Company?

Exam. BAKER. I think you can phrase that question a little differently.

Mr. SULLIVAN. Well, all right.

By Mr. SULLIVAN:

Q. If you know, whom would the negotiations be between, as covered in the last questions?

A. Between yourself and several members of Kuhn, Loeb & Company and Mr. Atkins, of Cravath & Company.

Q. And what is Mr. Atkins' business?

A. He is an attorney.

1170 Q. With respect to New England, what can you say as to the service of McCarthy and Consolidated over the New England territory with respect to, let us say, the quantity and quality of the service rendered?

A. McCarthy is weak in Connecticut, and Consolidated is weak in the north and east end of McCarthy's territory.

Q. Are there substantial areas in New England where it may be said that the competition between them is not particularly severe?

A. That is right.

Q. For the reasons you gave in your previous answer?

A. Yes.

Mr. SULLIVAN. That is all the questions I have.

Exam. BAKER. Are there any further questions of this witness? Mr. Seymour, could you be a little more definite as to the proposed use of the proceeds of the \$1,500,000 preferred stock to be sold? Do you have any definite plans with respect to the use of those?

The WITNESS. Well, Mr. Examiner, the difficulty, in the first instance, is that there is a very, very acute shortage of cash and working capital in the companies individually and in the companies collectively. The last time I looked at it, it was somewhere between \$450,000 and \$500,000. I certainly feel that there

1171 is no security that the company can have, or the Associated

Transport Company can have, unless they are in a better financial position than the constituent parts presently are, because it is a fact, even though they have weathered some severe storms over the past couple of years, it is my opinion that they can still be blown away rather easily. There is a great deal of concern and worry on the part of all the interested people, those who are presently the heads of these companies, not because they

are pessimists, because they are not, but there is some concern that ahead of us is an inevitable down swing in business as a result of economic conditions generally, and it is the desire on their part that they be better fortified against that future uncertainty, and certainly, so far as the shipper is concerned, and in the desire to render a better service, it takes more money to do it, and if the demands for increased service continue, the \$1,500,000 is going to be inadequate, rather than more than adequate, to meet the demand for putting into the service increased equipment.

Exam. BAKER. So you do propose to use it partly for the purchase of new equipment; do you?

The WITNESS. Well, yes, I think that some of it will be used, but without a strong financial position, something approaching at least a ratio of two to one, it is going to be impossible to finance equipment on the basis of equipment trust—equipment trust
1172 certificates, spread over anything like three or four years.

I know that, because I have had those conversations with bankers—commercial bankers.

Exam. BAKER. With respect to the value of applicant's common stock, that value will necessarily be dependent upon the future success of the applicant, will it not?

The WITNESS. That very definitely is so, Mr. Examiner.

Exam. BAKER. And the value is dependent upon what the public is willing to pay for that stock; is it not?

The WITNESS. Yes, indeed.

Exam. BAKER. Those are all the questions I have.

By Mr. SULLIVAN:

Q. When you speak of the possibility of using some of this \$1,500,000 to purchase new equipment, do you mean that the money would be used directly to purchase new equipment, or indirectly to pay up the past accounts and improve the financial condition, so that you will get better financing terms on the new equipment?

A. In the main, the latter.

Q. As a result of some studies that you have given to the matter, are you familiar with the terminal situation, the terminal facilities that are presently available to these companies?

A. Yes; I am.

Q. And what can you say as to the need of improving the terminal facilities?

A. Eighty-five percent of the terminal facilities that are presently owned or leased by all of the companies are totally
1173 unfit and unsuited for the business.

Q. What is the general condition now about going out and getting terminals, modern terminal buildings built for you through the capital of someone else?

A. It is just next to impossible.

Q. Is there a situation also with respect to being evicted from terminals at the present time, because the owners want them for other purposes, and under a clause in their lease they cancel their lease or sell the building?

A. They have not less than fifteen or twenty separate instances where it is nip and tuck as to whether the operator is going to be in his terminal or out in the street, day by day, now.

Q. What can you say as to the effect of those conditions which you have just described upon the need for improving the financial condition of this company, so that it can do something about provided proper and adequate terminal facilities?

A. I have had a conversation within the last two or three months with a large builder, who happens to be located on the Pacific Coast. He is willing to build terminals for the Associated Transport, if it be put together, and if it has some financial substance, on an advantageous basis.

Q. So that he would build them and they could be leased under a long-term lease.

A. That is right.

1174 Q. What can you say as to the effect of having a modern terminal on reducing costs and improving the service to the shipper?

A. I suppose it is comparable, in Manhattan, of either being on Broadway or being on Tenth Avenue, to a degree.

Q. Do you mean because of a lack of facilities that would be available, as between the two places?

A. Well, in the first instance, 85 percent of the terminals presently employed are not constructed for the business. In the main, they are either converted garages, or foundries, car shops, and such things as that. There are very few terminals that have proper facilities for the movement of freight. There are very few terminals—as a matter of fact, the industry has not yet moved to a development, in so far as terminals are concerned, in the matter of conveyors and such things as that. The freight is handled so much now because of unsuited facilities that the freight is very nearly worn-out in its handling.

Q. Were you here when Mr. Horton testified?

A. I was; yes.

Q. Did you hear his testimony with respect to the fact that terminals built specifically for truck use produced economies and faster and better service?

A. I did.

Q. Do you agree with his testimony in that respect?

A. I certainly do.

1175 Q. Is there difficulty at the present time in going out and spending money to improve these old structures, such as you have described, converted garages, foundries, and the like, because of the situation described earlier as to the relative short terms of making leases, or the sale provisions that the landlord has?

A. Well, we are very rapidly reaching a point where actual construction of terminals designed for this business is going to have to be smoothed out.

Mr. SULLIVAN. That is all I have.

Exam. BAKER. Witness excused.

(Witness excused.)

Exam. BAKER. We will adjourn until 10 o'clock Monday morning.

(Whereupon, at 5:20 o'clock p.m., September 6, 1941, the hearing was adjourned.)

1176 Before the Interstate Commerce Commission

Docket No. MC-F-1612

ASSOCIATED TRANSPORT, INC.—CONTROL AND CONSOLIDATION—
ARROW CARRIER CORPORATION ET AL.

Docket No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES

HEARING ROOM "B."

INTERSTATE COMMERCE COMMISSION BUILDING,

Washington, D. C., September 8, 1941.

Met, pursuant to adjournment, at 10 a. m.

Before VERNON V. BAKER, Examiner.

Appearances: (The same as heretofore noted.)

Additional appearance: James A. Glenn, 736 Bowen Building, Washington, D. C., appearing for International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America.

1178 PROCEEDINGS

Exam. BAKER. Come to order, please. You may proceed, Mr. Sullivan.

Mr. SULLIVAN. I will call Mr. Mead.

JOSEPH P. MEAD, being first duly sworn, testified as follows:

Direct examination by Mr. SULLIVAN:

Q. Will you state your full name, Mr. Mead?

A. Joseph P. Mead.

Q. Where do you reside?

A. 22 Roseville Street, Buffalo, New York.

Q. What is your business, Mr. Mead?

A. I am assistant traffic manager of the Moran Transportation Company.

Q. You have been connected with that company how long?

A. For 10 years.

Q. Prior to your employment by the Moran Transportation Lines, did you also engage in transportation work?

A. Yes; for two years I was with a boat line, and for nine years with a railroad.

Q. In what general capacity were you employed by the railroad?

A. Well, I was in the operating department, and I was in the freight audit department, and also in the traffic department.

Q. That was the New York Central Railroad?

A. Yes, sir.

1179 Q. What was the boat line?

A. C. & B. Transit Company.

Q. And you have held various positions with the Moran Company?

A. Yes, sir.

Q. Will you tell us some of the different positions you have held?

A. Well, I was in the operating department, I was assistant to vice president, was president of the Blue Bus Freight Lines, which was a subsidiary of Moran, and which has since been taken over, and I have been in the traffic department for the last three years.

Q. Are you familiar with truck operations, transportation and rate matters, and the like?

A. Yes, sir; I would say I am familiar with every phase of it.

Q. You are also a practitioner before the Interstate Commerce Commission?

A. Yes, sir.

Q. Your duties require you to travel rather extensively throughout the Moran territory?

A. Yes, sir.

Q. Incidentally, you also set up and you managed the claim department, did you not?

A. Yes, sir.

Q. Mr. Mead, was there a time when you prepared an exhibit, which has been introduced here under the number of Ex-
1180 hibit No. 4, at the request of Mr. Altwalter?

A. Yes, sir; I did.

Q. Did that contain a list of motor truck carriers and car-loading companies operating in Moran territory?

A. Yes, sir.

Q. From what sources did you get the names that you included in that document which was later introduced here as Exhibit No. 4?

A. From my own knowledge. Due to hearings that I have attended, I have approximately 200 files, some of which are competitive with us now, and as to some of which the disposition has not yet been made, and also from actual knowledge of our competitors.

Q. Were there any companies included in the application that you knew nothing about of your own personal knowledge?

A. No; there were not. There is only one in here that I did have some doubt about, and that was Ernest Bradley. I am unable to state just where that information came from; unless the instructions I gave to those who drew it up for me, may have included it in there erroneously, but I think that Ernest Bradley, since checking the Commission's files, is a competitor.

Q. It is now, but you did not have knowledge of that before?

A. I did not have knowledge of that before.

Q. But you have since that time checked the files of the
1181 Commission?

A. That is right.

Q. Now, Mr. Mead, did you last week prepare a chart or graph form the files of the Interstate Commerce Commission with respect to some of the carriers listed on Exhibit 4 that we have just been discussing?

A. Yes, sir.

Mr. SULLIVAN. I would like to have the document, Mr. Examiner, entitled "Partial list of motor carriers serving same territory as M. Moran Transportation Lines, Inc.," which happens to be the same title as the other exhibit had, and which is in a graph form, marked for identification.

Exam. BAKER. The document described will be marked for identification as Applicant's Exhibit No. 17.

(Exhibit No. 17, Witness Mead, marked for identification.)

By Mr. SULLIVAN:

Q. I will ask you, Mr. Mead, to look at Exhibit No. 17, for identification, and tell us how you prepared that exhibit?

A. This exhibit was prepared from the actual dockets on file with the Interstate Commerce Commission, and this is only a partial list, because there were over a hundred dockets that we could not get, due to the fact that they were out in the field or in the hands of examiners or in the Secretary's office.

1182 Q. Excuse me, Mr. Mead. I want to go back over that so it will not be confusing to anyone reading it. You mean a partial list of the lists that were contained in Exhibit No. 4, previously introduced in this case?

A. That is right, sir.

Q. Did you attempt to get the dockets in all the others that were listed in the original exhibit?

A. Yes.

Q. No. 4.

A. Yes.

Q. You say there were a hundred and some out of the two hundred and some that were in the list that you were unable to get: is that right?

A. Yes, sir.

Q. Did you make out cards requesting those dockets?

A. Yes.

Q. And the cards were returned to you, with the explanation that the dockets were not available or present in the Commission's files; is that it?

A. Yes, sir.

Q. Do you have the cards with you?

A. I have them in my brief case.

Q. And perhaps you also had—I do not know that you did—a few that were not on the original Exhibit 4, that you have thought of since?

1183 A. Yes; I did. In checking through, I find that some I had omitted, and also a few in here that I find that their actual operations were intrastate; so I did not include them in this list.

Q. While it is not an intrastate operation, I think we can go into the situation in New York State with respect to intrastate operations. You are also handling the interests of the Moran Company with respect to intrastate operations?

A. Yes, sir.

Q. Before the Public Service Commission of New York State?

A. I handled every application before the Public Service Commission.

Q. And you also appeared as a witness in the applications of other carriers?

A. I have; yes, sir.

Q. Will you tell us how many applications for common carrier rights and of motor trucks there are pending before the New York State Public Service Commission?

A. There were 4,000 applications, and I understand that it has now boiled down to about 2,500, due to exemptions.

Mr. MACDONALD. Mr. Examiner, I object to this testimony, on the ground that the records speak for themselves. He has not examined the records, and this is hearsay evidence, as far as the records are concerned. He said he "understood" thus and so.

He is guessing.

1184 Mr. SULLIVAN. I will agree that that part of his answer be stricken out, and I will ask him how it is that he understands it.

Mr. MACDONALD. We have no objection if a proper foundation is laid.

A. Commissioner Brewster told me that last week in Syracuse.

Mr. MACDONALD. I object to that as hearsay evidence.

Exam. BAKER. It may be stricken.

By Mr. SULLIVAN:

Q. You do not pretend to have counted the records yourself?

A. No; I do not pretend to have counted the records—not on every application in there. I thought Commissioner Brewster's word would be sufficient.

Q. Did you make inquiry of the Public Service Commission in New York as to how many were presently pending; did you do that last week?

A. That is right, sir.

Q. Are you able to tell us what answer you received to your inquiry from the Public Service Commission of New York?

A. Commissioner Brewster; yes.

Q. No; just yes or no, so they will have a chance to object. What were you informed by the Commission last week, in response to your request, in the ordinary course of business dealings, as the man in charge of that particular end of our business?

1185 A. Commissioner Brewster—

Mr. MACDONALD. I object.

Exam. BAKER. Raise your voice, Mr. Witness.

Mr. SULLIVAN. Speak up.

A. Commissioner Brewster, who was one of the Commissioners of the Public Service Commission, told me that there were approximately 2,500 applications that are still pending. In other words, I think some of them are disposed of. They have reduced them by 1,500, so that there are actually over 2,500 pending or disposed of.

By Mr. SULLIVAN:

Q. Will you tell us approximately how many certificates have been granted for intrastate operation in New York State, from the same source, if that is where you got it?

A. He told us that there were 200 applications—

Mr. MACDONALD. I object. This is a matter of record, and if they wish to introduce it in testimony, they should come in with the records, and not hearsay testimony.

Mr. SULLIVAN. Mr. Examiner, it simply is not a matter of record.

Mr. MACDONALD. If it is not a matter of record, it is not competent.

Mr. SULLIVAN. By that, I mean there is no source from which he can get a certified copy of a document to that effect. The only thing he could do would be to bring a Public Service Commissioner of New York here.

1186 Exam. BAKER. The witness may answer. Go ahead.

A. He informed me that there are approximately 200 applications that have not been formally disposed of.

By Mr. SULLIVAN:

Q. Mr. Mead, you are a practitioner before the Commission. Are you familiar with the provisions of the Motor Carrier Act with respect to registration of intrastate certificates with the Interstate Commerce Commission?

A. Yes, sir; I am.

Q. Will you state what the provision is?

A. Under Section 208, an operator operating wholly within the state is granted a certificate by that state body, and it merely has to register it with the Interstate Commerce Commission and it receives like rights over the same routes in inter-state commerce.

Q. May I ask whether your experience in this matter has been that that has been done with certificates of New York State by competitors of Moran Transportation Company?

A. It has been, and it has shown very severe competition. In fact, operators up there, through formal hearings with the Interstate Commerce Commission, were denied any rights, and subsequently received the rights by the mere filing of their certificates that they received from the Public Service Commission.

Q. Has that process continued?

A. That is right, sir.

1187 Q. Do you recall the grandfather date in the New York regulatory bill?

A. Yes; February 1, 1938.

Q. So that any operator in New York State, who was denied a certificate by the Interstate Commerce Commission, could establish those rights, if he could prove operation between 1935 and 1938?

Mr. MACDONALD. I object to that as calling for a conclusion of the witness upon a matter of law.

Exam. BAKER. Objection sustained.

By Mr. SULLIVAN:

Q. Is there service in New York State by express companies?

A. Yes, sir.

Q. Will you describe the coverage of that service with respect to the Moran territory?

A. It covers every point Moran does.

Q. Will you state whether that service is competitive with Moran?

A. It is very much so.

Q. Mr. Mead, did you have occasion, within the last two weeks, to make a study of the percentage of shipments of, less than 2,500 pounds that were made over the lines of the M. Moran Transportation Lines—the percentage of its total number of shipments?

A. Yes, sir.

1188 Q. Will you give us that figure?

A. 93.3 per cent.

Q. 93.3 per cent of what is what?

A. Of all our shipments for those under 2,500 pounds.

Q. And will you tell us, roughly, the number of shipments handled by the Moran Lines per day or per week, or for some period?

A. 22,000 a week.

Q. That is, intrastate and interstate, both?

A. Yes.

Q. Now, Mr. Mead, I have gotten off the subject somewhat that we started on. Will you go back to Exhibit No. 17, marked for identification, and which you have described as a partial list of the partial list of carriers serving the same territory as Moran, and describe this exhibit to us, show us how to read it, et cetera, and tell us the sources from which you got the information and what procedure you followed in preparing it?

A. Well, on this exhibit, in the left hand column, the route number, there is a designation for each individual route. In the second column is the number of carriers that we were able to locate from the dockets available, that had rights over some routes.

Q. Excuse me. When you say you located from the dockets available, at all times when you were referring to that
1189 here, you are referring to the list of carriers in Exhibit No. 4, in evidence, on behalf of the applicant, plus those that you have thought of?

A. Plus a few that I thought of in the interval.

Q. All right. Continue with your explanation.

A. From points along the top of this exhibit, such as Cleveland, Ohio, and Erie, is one route that we use as an example. Beyond Cleveland means whichever carrier originated west of Cleveland and has a through route to New York.

Exam. BAKER. Just a moment, please, Mr. Mead. Have you had occasion to examine Applicant's Exhibit No. 14, which is a representation of various routes in Massachusetts, Rhode Island, and Connecticut?

The WITNESS. Is that Consolidated Motor Lines?

Exam. BAKER. It is New England territory in which Consolidated Motor Lines operate.

The WITNESS. Yes; I did. I don't have a copy now, but——

Mr. SULLIVAN. I can hand you one.

Exam. BAKER. He may look at this one.

Mr. SULLIVAN. All right.

Exam. BAKER. Is your Exhibit No. 17 prepared in the same manner as Exhibit No. 14, and would your explanation be the same as to the procedure followed in preparing that exhibit?

The WITNESS. That is correct; yes, sir.

Exam. BAKER. In view of that, I do not believe it is
1190 necessary for Mr. Mead to go into detail in explaining the exhibit.

Mr. SULLIVAN. All right, sir.

By Mr. SULLIVAN:

Q. In fact, you and Mr. O'Day were working together——

A. That is right.

Q. In preparing these exhibits?

A. There is only one difference that you will note. I also inserted "beyond" carriers. For example, beyond Cleveland, or operators who have rights beyond Albany into New England, I have indicated in my exhibit.

Q. Now, there is a map in conjunction with this exhibit. Does this map purport to show all the points that Moran serves within the New York State area?

A. No, sir.

Q. I will put it to you this way: Why doesn't it?

A. Well, we just didn't have the time to show every point, and, by the same token, take off the carriers operating to and

from those points. We serve about 276 points in New York State.

Q. In New York State? How many do you serve altogether?

A. 476.

Q. Have you taken the cities, the principal cities in New York State and shown them here?

A. That is right.

1191 Q. The principal east-west and north-south routes?

A. That is correct.

Q. You have not shown the little connecting routes in between?

A. No, sir. I might say, in explanation, of course, that Appendix A shows the carriers' ICC Docket Numbers, addresses, and the routes that they were certificated over. Only the routes shown on the original files, 1, 2, 3, and 4, are indicated there—not by any means all the routes that they are certificated over.

Q. You only dealt with that part of the certificate covering the routes as shown in Appendix B?

A. That is correct.

Q. Are these all common carriers?

A. Yes, sir.

Q. And are they all commodities generally?

A. Yes, sir.

Q. Have you included contract carriers at all in your list?

A. No, sir.

Q. Have you included any ones who are simply carriers of special commodities?

A. No, sir.

Q. Is there competition from private trucks in New York State so far as the Moran Lines are concerned?

A. Plenty of it.

Q. What would you say with respect to the number of
1192 contract trucks operating throughout the New York territory?

A. Well, I could not say with any degree of certainty. I know that about one-third of all of the operators in New York State, according to applications filed with the Public Service Commission—about one-third of them were contract carriers, and there are over 4,000 applications filed with them.

Q. Well, from your experience with the Moran Company, doing the business you have described that you do for them, what can you say as to whether there is active competition between contract carriers and Moran?

A. There is—a very severe competition. Contract carriers are really more hazardous than common carrier competition.

Q. You mean from the point of view of competition?

A. That is right.

Q. And the rates are substantially unregulated in the territory.

A. Yes, sir.

Mr. MACDONALD: I object to that, Mr. Examiner.

Exam. BAKER. What is the ground of your objection?

Mr. MACDONALD. There has been no testimony as to the rates introduced, to support any conclusion which the witness might draw from testimony concerning rates. This would be an abstract conclusion drawn from general knowledge concerning rates which are not of record.

Exam. BAKER. The question is not directed to any specific 1193 rates. It is just a question of whether the rates of contract carriers are regulated.

Mr. MACDONALD. I have no objection to that question. If that is the nature of it, I must have misunderstood it.

Exam. BAKER. Is not that correct?

Mr. SULLIVAN. That is right. I just said, are the rates of these carriers regulated, and he says they are not.

Exam. BAKER. Did you answer the question?

Mr. SULLIVAN. I don't remember whether he answered it.

A. I mean they are under regulations of the Public Service Commission and the Interstate Commerce Commission, as the case may be, but it has never gotten to the point where they have set any restrictions or any limit, or even to my knowledge have they ever suspended a contract carrier rate; so in that sense they can file any rate they wish.

By Mr. SULLIVAN:

Q. In our territory?

A. That is right.

Exam. BAKER. By "in our territory," you are referring to the territory of M. Moran Transportation Lines?

Mr. SULLIVAN: That is right.

By Mr. SULLIVAN:

Q. Is there anything else you wish to tell us that you think would be helpful with respect to this exhibit, Mr. Mead?

A. No. I would like to state, however, that, as outlined, we 1194 sufficient time, and also felt that possibly these would be representative. For example, there are carriers in here who have radial operations of, maybe, 50 miles, and which may involve 150 points, but we could only show one point, such as Rochester, in here, not taking the time to indicate each individual point that he has rights to and from. Some of the operators in

here have operating rights to and from as high as a hundred points, but there are only five to seven points shown in here.

Q. You made no effort to get the gross revenues of any of the companies here from the Commission's files?

A. Well, no; I did not. You could get the gross of the class one carriers in the Commission's files, but then, you couldn't have anything under that.

Q. You understand that the proof of gross revenue of those in Exhibit No. 4 for 1940 was put into the record when Mr. Howell was on the stand?

A. That is right.

Q. Are there numbers of trucks operated by some of the carriers shown on this list that are not owned by the carriers but are, rather, leased or hired trucks?

A. That is right—quite a few of them.

Q. What can you say—

A. In fact, there are considerable carriers in here that don't have any equipment of their own. They lease and hire it.

Q. Are they substantial carriers?

1195 A. Yes, sir.

Q. Are they substantial competition?

A. Very much so.

Q. You might state generally what the effect of this nonowned carrier competition has been, as to obtaining and holding business in our territory.

A. Well, the most devastating effect is that they do not have to worry about a balanced operation. They can pick up anywhere from five to ten trucks and send them, and they don't have to worry if they come back empty. That is not the operator's worry, whereas in our particular case, you have to see not only that they go down loaded, but that they come back loaded, or stand the expense of their coming back empty.

Q. As to these hired trucks operating in New York, coming in from the west and covering the New York State territory that we operate in, where we do not have hired trucks, why is it that we cannot do the same thing?

A. I couldn't tell you offhand.

Q. Would the unions permit us to do it?

Mr. MACDONALD. I object.

Mr. SULLIVAN. Why do you object? That is something that the Department of Justice ought to be interested in.

Mr. MACDONALD. The witness has indicated that he cannot be led.

Exam. BAKER. The objection is sustained.

1196 Mr. SULLIVAN. All right.

By Mr. SULLIVAN:

Q. Do we have hired truck operations extending around to New York State points?

A. No, sir.

Q. Does the company own substantially all of the equipment that it operates?

A. That is right.

Q. Is Interstate a competitor of the Moran Company throughout our territory?

A. Yes, sir.

Exam. BAKER. Will you state the full name, Mr. Sullivan?

Mr. SULLIVAN. Interstate Motor—

The WITNESS. Interstate Motor Freight System.

By Mr. SULLIVAN:

Q. How is that coverage as to main line points as compared to ours?

A. They practically cover everything we do.

Q. Every point we do in New York State?

A. Yes, sir; and Pennsylvania and Ohio, too, and New Jersey.

Q. Did you ever see a truck that was owned by Interstate in New York State?

A. No. In fact, in the disposition of their intrastate application, the Public Service Commission wondered why such a vast operator did not even have a truck license in New York State; and we found that they did have some of their trucks licensed in 1197 New York State, but they were not theirs. They were individual operators.

Q. What about the Monarch Freight Lines?

A. Monarch is not included in this, because their docket was not in.

Q. But they are also operators?

A. That is right; yes, sir; and they are practically all leased trucks. In fact, all their trucks are leased or hired trucks.

Q. Do they cover some of the territory covered by Moran?

A. Practically all of it.

Q. How about Western Express?

A. Globe Cartage is another one; Eastern Freightways, Transportation Lines, Inc.—

Q. Western Express?

A. Western Express, Niagara Motor Express—

Q. Well, anyway, the carriers you named own substantially no equipment?

A. That is right.

Q. And they cover substantially the same points as Moran?

A. Yes, sir.

Q. And, for one reason or another, are able to operate without it.

Mr. MACDONALD. I object, Mr. Examiner, to the attorney doing the testifying.

Exam. BAKER. Objection sustained.

1198 Mr. SULLIVAN. Have we ever tried to operate hired trucks extensively?

The WITNESS. We did.

Mr. MACDONALD. I object. That is the same thing he attempted to get from the witness a minute ago. The question is still leading.

Exam. BAKER. "Did we try to operate?" I see no objection to that. He may answer.

By Mr. SULLIVAN:

Q. Did we?

A. Yes, sir.

Q. What happened?

A. The unions stopped us.

Q. Mr. Mead, with respect to the hired truck operators that we have been discussing, certain carriers, do they also extend into New England, many of them?

A. Yes, sir.

Q. Now, Mr. Mead, did you prepare, at my request, an exhibit—did you prepare or cause to be prepared, under your supervision; as well as doing some of it yourself, an exhibit entitled "List of rail carriers serving points shown on map (Exhibit C-5 of application) of routes and territories involved in this proceeding?"

A. Yes, sir.

Mr. SULLIVAN. I would like to have this marked for identification, please, Mr. Examiner.

1199 Exam. BAKER. The document described will be marked for identification as Applicant's Exhibit No. 18.

(Exhibit No. 18, Witness Mead, marked for identification.)

By Mr. SULLIVAN:

Q. What were the sources from which this exhibit was prepared?

A. Official Railway Guide.

Q. How late an issue?

A. I will see.

Q. Well, to save you walking down and getting it, was it September?

A. Yes.

Q. Of 1941?

A. That is right.

Q. This shows only the points—the service to points that happen to be named on the map that the applicant had prepared and

introduced with the application, called Exhibit C-5 in the application?

A. That is right.

Q. Now, Mr. Mead, how does the railroad serving a given point connect with other railroads?

A. Well, they are practically all outlets. To be more explicit, a railroad can take and either switch or transfer to all other railroads for service throughout the United States.

Q. So is it important to the shipper in the movement of 1200 freight whether more than one railroad comes into the towns where he is located?

A. That is right.

Q. Well, is it important or isn't it? Listen to me, will you?

A. Oh, no; it is important. He has to sell his available service over all carriers.

Q. What kind of carriers do you mean?

A. Rail carriers.

Q. Well, do certain rail carriers also have pick-up and delivery service that they offer?

Mr. MACDONALD. I object. This is a leading question and is trying to bring the witness to agree with counsel.

Exam. BAKER. Will you read the question, please?

(Question read.)

Exam. BAKER. Objection overruled.

A. Yes, sir.

By Mr. SULLIVAN:

Q. What kind of equipment do they offer?

A. Well, they avail themselves of local pick-up and delivery trucks, and in good many cases they are using the Railway Express Agency.

Q. Who are they using at Buffalo?

A. The Railway Express Agency.

Q. Was there a time when we, the Moran Company, enjoyed that pick-up and delivery service?

A. Yes, sir.

1201 Q. May I take the word "enjoyed" out? What a time we had!

A. Yes, sir.

Q. Then we lost it to the American Express.

A. That is right.

Q. Railway Express?

A. Yes, sir; that is right.

Mr. SULLIVAN. I will reserve offering these exhibits until after cross-examination.

Exam. BAKER. Cross-examine.

Cross-examination by Mr. MACDONALD:

Q. Mr. Mead, in regard to the map contained in Exhibit 17, you have stated that this does not purport to show all of the routes of the Moran Company?

A. No, sir.

Q. Is there any map in evidence in this case that does show all of the routes of the Moran Company?

A. Well, I couldn't testify to that because, I don't know all the exhibits that were placed in evidence.

Q. Have you been in charge of the preparation of exhibits covering the competition phases of this case for the Moran Company?

A. Yes, sir.

Q. Did you have anything to do with the preparation of the map contained in the application, identified as C-5?

A. No, sir.

1202 Q. Have you seen the map?

A. I did see it; yes, sir.

Q. This prepared to show all the routes of the Moran Company?

A. No, sir.

Q. If there are no maps covering the operation of the Moran Company but the one in Exhibit 17 and the one just referred to, identified as C-5, there then would be no map in evidence showing all the routes of the Moran Company; would there?

A. No, sir.

Q. Does Exhibit 17 give any indication of the volume carried by any of these carriers?

A. No, sir.

Q. Does it give any indication of the territory covered by these carriers in other sections of the country than that covered by Moran?

A. No, sir.

Q. Is there any indication of the number of vehicles owned or operated by any of these carriers?

A. No, sir.

Q. You have stated, I believe, that there were no special commodity carriers listed in this exhibit?

A. That is correct.

Q. Does that mean that there are none having actual operations, limited more or less to special commodities, or merely that their certificate granted or their application requested a
1203 general commodity rating?

A. Not in every instance. Where it was drawn to my attention or for the ones under my direction, that there were specific commodities on that list, and it was what I thought was quite wide

and varied, then I felt it should be in here, because it was not restricted to any general commodities, but was almost in the same category as general commodities, but was almost in the same category as general commodities.

Q. Getting back to my question, when you state that there are no special commodity carriers, is that of your own knowledge?

A. No.

Q. When they do not engage in special commodity hauling merely?

A. Well, I had three fellows under my supervision, who drew these off. Now, you say of my knowledge. My instructions were and they merely brought everyone to me, and before I would allow them to check them, to determine just what the scope of the application was and also the commodities. For example, an operator was entitled to handle general merchandise. Whether it is general commodities or general merchandise, I believe it is practically the same thing.

Q. Then, does your statement indicate that these carriers were entitled to handle general commodities, but it does not pretend to indicate that they actually do carry general commodities?

A. No. The point I was trying to bring out is that there
1204 may be one or two in there who are restricted to the handling of certain commodities. They are all handling general commodities, with these one or two exceptions that I cited.

Q. Can you identify those one or two exceptions?

A. Yes, sir; Thursam Transportation and Storage—

Q. Will you state what their business consists of, in regard to the testimony that you have just given?

A. Oh; I think they had roofing, building material, felt paper, to certain points, and they also had general commodities, at least to certain other points; and Ernest Bradley.

Q. Before leaving Thursam, can you give us an indication of the routes over which they carried general commodities as compared with routes over which they carried these specific commodities?

A. No; I could not.

Q. Go ahead with your next carrier.

A. Ernest Bradley. I know he was restricted as to commodities, but I couldn't tell you just what those commodities were. I don't know what they were.

Q. Those are the only two?

A. That is right.

Exam. BAKER. Mr. Mead, before you answer Mr. Macdonald,

I do not understand that the carriers listed represent carriers that, from your personal knowledge, with the excep-
1205 tions mentioned, actually operate as carriers of general

commodities, or does the list purport to represent merely that they are entitled under their operating rights to so operate?

The WITNESS. To the best of my knowledge, all of these carriers, with the exception of the two previously mentioned, not only are entitled to, but also transport general commodities over all the routes in connection with this Exhibit No. 17.

By Mr. MACDONALD:

Q. You stated "to the best of my knowledge." Does that mean insofar as your personal files are concerned, which you previously testified afforded a number of the bases for the preparation of Applicant's Exhibit No. 4, and your personal knowledge of some of those carriers, and some others that were added to that list?

A. No; my statement was not the rights that they had. My statement was as to what I know they actually handle.

Q. You are testifying as to your own personal knowledge now?

A. Yes, sir.

Q. That covers all of these carriers in Applicant's Exhibit No. 17?

A. With the exception of one or two I mentioned previously, where they are restricted to certain particular commodities.

Q. You can testify, of your personal knowledge, as to the actual operations in routes and commodities carried, and 1206 from other data as to all of the carriers on this exhibit.

Mr. SULLIVAN. Let us hear that—routes what?

Mr. MACDONALD. Commodities carried and other data in regard to all of the carriers on this exhibit.

A. Yes, sir.

By Mr. MACDONALD:

Q. Will you state what the actual commodities carried by the Horlacher Delivery Service are, or is that information on this exhibit?

A. No.

Q. Do the Moran Lines extend to Baltimore?

A. No, sir.

Q. Will you state for the record what the competition of W. T. Cowan, Incorporated, would be to the Moran Lines?

A. As indicated on the map, from Binghamton to Philadelphia.

Q. Would the nature of their business be to accept interchange at Binghamton for Philadelphia or points south?

A. Yes.

Mr. SULLIVAN. Let us hear the question: There are a lot of things in there. Listen to it. What is the use of trying to trap him?

Mr. MACDONALD. I wonder if we could pursue this examination without interruption, unless it is based on an objection.

Exam. BAKER. Do you understand the question, Mr. Mead?

The WITNESS. Yes; I believe I do.

1207 Mr. SULLIVAN. Read him the question.

(Question read.)

A. That is correct.

By Mr. MACDONALD:

Q. What interchange business does Moran receive at Binghamton for points south, originating in the New York territory?

The WITNESS. Will you read that over again?

(Question read.)

A. Moran does not receive anything at Binghamton for the south, if that is what your question is.

By Mr. MACDONALD:

Q. Then, insofar as your business originating at Binghamton for points south is concerned, Moran is not competitive with the Cowan Company; is it?

A. Not south of Philadelphia.

Q. I said south of Binghamton.

A. Well, they are, because, if my understanding is correct, Philadelphia is south of Binghamton.

Q. I agree with you, but my question went to the point of business interchange at Binghamton, which is carried by Moran as far as Philadelphia, or the exchange business Cowan receives at Binghamton going to Philadelphia, Baltimore and points south.

A. Yes, sir; that is—

Q. The point of my question was to determine whether or not the business of Cowan was interchange business, which
1208 would not be turned over to Moran at Binghamton, because be originating with carriers competitive with Moran in the New territory.

Exam. BAKER. Before you answer that question—

The WITNESS. I don't understand.

Exam. BAKER. Let me ask you a question. Did you intend to imply that the only business handled by Cowan from Binghamton was interchange business? Was that what you intended?

The WITNESS. No. They also handle merchandise that they pick-up themselves at Binghamton and handle through to Philadelphia, Baltimore, and Washington, in addition to the exchange or transfer that they make with ourselves and carriers at Binghamton.

Exam. BAKER. Do you still want to ask him the question?

Mr. MACDONALD. Maybe I can qualify it to meet the point that the Examiner has brought out.

By Mr. MACDONALD:

Q. Is not Binghamton pretty generally an exchange point for motor carriers, that is, operating from the Potomac region up north to as far as Binghamton, and those operating in New York territory, transferring freight that moves down the seaboard?

A. No; I wouldn't say so. It is in our particular case to Philadelphia and to South Carolina.

Mr. SULLIVAN. It is what?

The WITNESS. A transfer point.

1209 Mr. SULLIVAN. Will you read him the question he is answering? It is going to lead to another whirlwind again.

By Mr. MACDONALD:

Q. Does Exhibit 17, by the drawing of a line, for example, the first line in the exhibit, from Cleveland beyond through New York, N. Y., indicate that the carrier so represented serves all the points through which the line passes?

A. No.

Exam. BAKER. Did you answer "no" to that?

The WITNESS. No; yes, sir.

By Mr. MACDONALD:

Q. So far as this exhibit is concerned, this exhibit purports to show only the competition between the all-over points, originating and destination points, and has no relation to the city through which the carrier may pass en route?

A. If you will take further down on the exhibit you will find that it takes in shorter routes, and also there is an indication in there as to the operation between each individual point indicated on the exhibit.

Q. In what way could it be determined what routes each carrier covers?

A. By referring to Appendix A.

Q. Referring to Appendix A, you have the carriers listed and a key to each of the routes which the carrier covers; is that correct?

1210 A. That is correct.

Q. Does this appendix, with the key, indicate all the cities that are served by the carriers?

A. Not all the cities, just cities as indicated on this exhibit. It does not purport to show all the rights, all the routes, all of the points served by these carriers.

Q. So far as the route may begin or terminate at one of the cities shown on the map contained in the exhibit, your statement is that it does purport to indicate that the carrier concerned originates and consigns freight to the city.

The WITNESS. Will you read that question?
(Question read.)

Mr. MACDONALD. Will you change the word "consigns" to "delivers," please?

A. That is correct.

By Mr. MACDONALD:

Q. Will you state for the record, please, what carrier, if any, with operations only in the New York-New England territory, has a gross operating revenue equal to or larger than that of the Moran Company?

A. Keeshin-Seaboard.

Q. My question was operating only in the New England and New York territory. Do you mean to imply that Keeshin operates only in those territories?

A. No. In fact, Moran and Consolidated do not only operate in the two territories. We also operate in Pennsylvania,
1211 Ohio and New Jersey.

Q. Eliminating the state of Ohio, except for Cleveland, and the route through Erie to Buffalo, and the states of Indiana, Michigan, and Illinois, and other middle west states, what carriers competing with Moaran in the New York-New England area have operating revenue equal to Moran?

A. Do I understand, if we were to eliminate there any carriers who have rights in these states, from operating revenues in these states—

Q. No.

A. To determine if it will be the same or exceed Consolidated and Moran.

Q. My question apparently is not clear. I want to know what carriers have operating revenue equal to Moran, eliminanting carriers which have routes in the middle west, exclusive of Moran's route into Cleveland; for example, does the Keeshin Motor System extend into the middle west?

A. Yes.

Q. As far as Chicago?

A. That is right. I believe they go across the country.

Q. Then, so far as Keeshin is concerned, the business volume could not be considered with that of Moran, which is drawn from a more limited area; could it?

A. Well, I don't know if their earnings or, rather, their business within these states would be the same or exceed it,
1212 because they really cover practically the same territory.

Q. I did not ask you that.

A. And they do considerable business.

Q. They do considerable business, but I did not ask you to allocate which portion of it originated in New York or New England. I merely asked you to state what carriers other than those operating extensively into the middle west have operating revenues equal to Moran.

A. I don't know. I couldn't state that unless I had an opportunity of checking it.

Q. Do you know of any, of your own knowledge, other than Consolidated?

A. I don't know that even Consolidated—I don't know what their revenue is. I haven't checked it in quite a while.

Q. The record shows that Mr. Arbour testified that Consolidated has the third largest gross revenue of any trucking company in the United States. Do you know what the two larger ones are?

A. I believe Keeshin-Seaboard and Horton.

Q. How would you place Interstate?

A. Well, I know that they had \$9,000,000 operating revenue last year.

Q. And that is drawn from what territories, could you say?

A. That was what was filed with the Interstate Commerce Commission; so I assume it takes in all of the territory they serve.

1213 Q. In regard to your Exhibit No. 4—

Mr. SULLIVAN. Excuse me. Mr. Examiner, lest there be any misunderstanding, there is nothing in the record to show that Mr. Arbour testified to any such thing as counsel is quoting here.

Exam. BAKER. I do not recall any such testimony, myself; but the record will show.

Mr. MACDONALD. If I am wrong, the record will demonstrate the fact. Mr. Reporter, will you read the fragment of the question that I had asked a moment ago?

(Question read.)

The WITNESS. In regard to Exhibit 4?

By Mr. MACDONALD:

Q. (Continuing.) Certain testimony was given to indicate the volume of gross operating revenues of some of the carriers on that exhibit. The Interstate Trucking Company was included in that exhibit, was it not?

A. Yes, sir.

Q. And it is also included in Exhibit No. 17?

A. That is right; yes, sir.

Q. Insofar as their business in the New York-New England area is concerned, have you any knowledge as to what portion of their gross operating revenue is derived in that territory?

A. No.

Q. Do they operate extensively in the middle west?

1214 A. They operate extensively from the Atlantic Coast to the middle west.

Q. They are essentially an east-west carrier over that Atlantic Coast-middle west territory?

A. No; I wouldn't say that. They also operate within these various states in the east.

Q. So far as the figure representing their gross operating revenue is concerned, it has no relation, has it, to the operations of that company in the New York-New England area?

A. No; there is no indication from that what portion would be allocated to that received from operations within New York State or New England.

Q. Of the carriers shown in this exhibit, will you please indicate which have as extensive a route coverage in New York as Moran?

A. Well, there is Keeshin-Seaboard, Interstate Motor Freight System, Transportation Lines, Inc., Richards Motor Freight Lines, Acme Fast Freight, National Car Loading Corporation, and Universal Car Loading Corporation.

Q. It is your statement, then, that each of these has at least as much route coverage serving the same points as Moran?

A. They practically cover every route that we do.

Q. They practically cover it?

A. Yes, sir.

Q. Is there any of them which will have the same coverage in New York as Moran and Consolidated combined?

1215 A. Well, the ones that I mentioned would, because Consolidated and Moran combined would not broaden it any, only Moran has a few more routes than Consolidated.

Q. Essentially, Consolidated and Moran have the same operations today, then?

A. Well, Moran—

Mr. SULLIVAN. Listen. He has not said that.

Mr. MACDONALD. If he wants to make an objection, Mr. Examiner, I do not want to criticize him, but I do say that the interpolations here are out of place.

Mr. SULLIVAN. I object, Mr. Examiner, to this business of trying to get a witness all tangled up, where we are supposed to be—I object to hiding a question behind peoples' mustaches, or something, for the purpose of confusing him. Now, it seems

to me that that is a part of some kind of a well laid plan here to confuse the record. I don't like it, and I object to it.

Mr. MACDONALD. Mr. Examiner, if there is any legal objection to the question, I have no exception to take to that, but if it is the contention of counsel that witnesses—not this particular witness, but any witness who gets on the witness stand is interested simply in producing facts, and not in serving the interest which he is here to serve, then his remarks are
1216 well taken. Otherwise, I feel they are definitely out of place.

Exam. BAKER. I think the form of the question is objectionable.

Mr. MACDONALD. Which question, Mr. Examiner?

Exam. BAKER. The question which Mr. Sullivan objected to.

Mr. MACDONALD. In what way or in what respect? I do not know that he laid any legal foundation.

Exam. BAKER. The answer which you were leading the witness to make would obviously have been incorrect.

Mr. MACDONALD. Well, I request to have the answer read that the witness made to the last question, and the question with which I followed it.

Exam. BAKER. Will you read that, Mr. Reporter?

(The reporter read as follows: "Q. Essentially, Consolidated and Moran have the same operations today, then? A. Well, Moran——".)

Mr. MACDONALD. It seems to me the witness has answered that question in his previous answer, and I am not going to mislead him or take advantage of any such situation as implied by counsel.

Exam. BAKER. If your question had been limited to New York State, perhaps, it would be essentially the same, but it was not so limited. Did you intend to limit it to New York State?

1217 The WITNESS. Well, I——

Exam. BAKER. Just a minute.

The WITNESS. Oh, I beg your pardon.

Mr. MACDONALD. The witness, in answering the prior question, stated, except for a few routes, Moran and Consolidated, the combination of Moran and Consolidated, would not enlarge the operations of Moran.

Exam. BAKER. But that question was directed to New York State.

Mr. MACDONALD. I do not know whether it was. It was asking for a conclusion of the witness based upon his previous answer, qualified because I included the word "essentially," allowing for the extra routes which Moran has.

Exam. BAKER. In any event, I believe the question is objectionable. You may ask him another question which will take into consideration the combined operation.

By Mr. MACDONALD:

Q. Excluding the loop which Moran has above Syracuse, extending into upper New York, what territory does Moran serve that Consolidated does not serve in New York State?

A. New York State? Well, from Buffalo as far west as the Pennsylvania State Line. From Buffalo south along the Pennsylvania State Line, through Olean, Jamestown, Niagara, Westville, Dansville and Perry, as far as but not including Elmira, New York; from Binghamton across to New York City; 1218 from Binghamton up through Oneonta into Albany; from Albany north to Glens Falls and Hudson Falls, as far as Plattsburg, and there are numerous other ones, but I just don't remember them.

Q. Can you give us an idea as to the route mileage that these routes which you have just mentioned would be as compared with the total mileage of Moran?

A. I couldn't state that.

Q. Can you give us an idea of what the route mileage of Moran is?

A. No; I could not.

Q. In identifying the exhibit, Mr. Mead, you stated that some carriers had been added to the list which you had on Exhibit No. 4 for the applicant. Would you tell us which of the carriers have been added?

A. Well, I don't know. I would have to go through and compare every one of those before I could state it.

Exam. BAKER. In the interest of saving time, Mr. Macdonald, unless there is some particular purpose that you have in mind, will not the exhibit speak for itself in that respect?

Mr. MACDONALD. Well, Mr. Examiner, we are trying to determine what the difference between this exhibit and the former exhibit is, in that the former exhibit listed points served by all the carriers, and this exhibit, according to the testimony of the 1219 witness, does little more than to divide it up in general directions, without indicating whether the points on those routes are served or not. We are trying to determine what the difference between the exhibits is.

Exam. BAKER. Of course, Mr. Macdonald, you indicated an objection to the previous exhibit, because it did not indicate that service was rendered over the direct route, but merely covered service at a point. It would be my impression that the purpose of this would be to meet the objection to the other exhibit.

Mr. MACDONALD. No, Mr. Examiner.

Exam. BAKER. If you have something in mind, you can proceed with your questioning. I was trying to save time.

Mr. WIPRUD. Our objection to Exhibit No. 4 was more extensive than that.

Exam. BAKER. I realize that.

Mr. WIPRUD. The testimony of the witness on Exhibit No. 4 was that, as far as Binghamton was concerned, the carriers listed—of the carriers listed only 31 of 68 were competitive. Our objection went to that point more than the one that you mentioned, and I understand this exhibit covers exactly the same thing.

Exam. BAKER. Just to keep the record clear, I do not believe the testimony was that only 30 of the 60, whatever the exact figures are, were competitive; but the record will speak for itself 1220 in that regard. You may proceed, Mr. Macdonald.

By Mr. MACDONALD:

Q. Are you able to indicate any of the carriers that have been added to this list?

A. By comparing one list against the other, A. C. E. Transportation at Akron, Ohio; Akron-Chicago Transportation Company, Akron, Ohio; All States Freight, Inc., Akron, Ohio—

Mr. SULLIVAN. Could we do this, Mr. Examiner: After Mr. Mead leaves the stand, he may check one against the other and hand it to them.

Mr. MACDONALD. No, sir.

Exam. BAKER. Go ahead, Mr. Mead.

A. (continuing) Amsterdam Dispatch, Inc., Amsterdam, New York; B. & E. Transportation Company, New York; B. & S. Transportation, South Boston, Mass.; Beach Transportation Company, New York; B. L. Bernstein, Passaic, New Jersey; Buffalo Storage & Carting Company, Buffalo, New York; C. & M. Forwarding Company, Rochester, New York; A. Cimpi, Auburn, New York; Cleveland-Buffalo Transportation Company, Cleveland, Ohio; Cox Transportation, Cleveland, Ohio; Dixie-Ohio Express, Akron, Ohio; Erie Freight Lines, Cleveland; Glens Falls, N. Y., Express; Globe Cartage; Interstate Magazine Hauling Corporation; Kultau Motor Express; Fred D. Langdon; Lapp Express Company; McCullough Transfer; William McCullough Transportation Company, Inc.; Motor Age Transit Lines; Newell Trucking Company; Roadway Express, Inc.; Roadway 1221 Transit Company; S. & S. Transportation Company; Shippers' Dispatch, Inc.

Q. Will you indicate the city in which they are located, too, please, as you started to do?

A. G. E. Wolfe Transportation Lines, Holland, New York.

Q. Do you know the actual extent of the commodities carried by the Interstate Magazine Hauling Corporation?

A. Yes, sir; general commodities.

Q. Is there any carrier operating in the Buffalo-Syracuse-Rochester region which operates through routes into North Carolina or Tennessee points, as a single carrier operation?

A. No, sir; I can't recollect just now.

Q. If there were such a carrier, you would be in a position to know of it, would you not?

A. Well, no; I wouldn't say, but I will say that I know nearly all the competition to New York State, if I had a chance to check it a little more, to be sure whether there is or is not.

Q. You are assistant traffic manager for Moran?

A. Yes, sir.

Q. You stated, I believe, that you had some intrastate carriers on your original Exhibit No. 4, and that these had been dropped. Am I correct in that?

A. Well, I don't know that they have interstate rights, because I have not been able to obtain the dockets on them.

Q. But some of the carriers contained in Exhibit No. 4 will be found in Exhibit No. 17?

1222 A. Oh, quite a few of them; yes, sir. There are over a hundred we couldn't find the docket on.

Q. Were there some on which you could get the docket and which you now drop?

A. No; there were not.

Q. Will you state for the record, please, insofar as your personal knowledge will allow you, what carrier Moran exchanges with to points in the south, first of all?

A. W. T. Cowan is the only carrier. We do have one interchange with Mason-Dixon Lines, but it is restricted to drugs, and it is restricted to applying from one point in New York.

Q. Can you give us the same information in regard to exchange moving west from western New York points and Cleveland?

A. Moving into the west?

Q. Yes.

A. Motor Express, Inc., C. & B. Transit Company, Trans-American Freight Lines, Great Central Transport.

Q. These carriers serve the middle west; is that right?

A. Yes, sir.

Q. And insofar as they are contained in your exhibit, they also are competitive in certain operations?

A. That is right, from Buffalo to Cleveland and Erie and intermediate points there. That is right.

Q. But you also use them as exchange carriers?

A. Yes, sir.

1223 Q. Is it the general rule for truckers to transfer loadings with carriers which are considered strongly competitive?

A. Well, we do.

Q. Do you have any exchange that amounts to any particular volume in any other direction from your territory?

A. Well, into New England.

Q. What part of New England?

A. Well, I would say New Hampshire, Massachusetts, Connecticut and Rhode Island.

A. With what carriers do you exchange in the Massachusetts, Connecticut and Rhode Island section?

A. McCarthy Freight System, Adley's Express, W. A. Stackpole, Imperial Freight Lines.

Q. Do you have joint published through rates with Cowan?

A. Yes, sir; only to Washington, Baltimore, Philadelphia and Wilmington.

Q. Then, am I correct in believing that you do not have a substantial volume moving south of those points, out of your territory, destined for points, say, in North Carolina and Virginia?

A. Yes; it is a substantial movement there, too.

Q. But those are not on a through rate basis?

A. Points south of there?

Q. Yes.

A. No; they are not.

1224 Q. Insofar as your transfers to McCarthy and Adley are concerned, is this to the territory served by both of them?

A. Yes.

Q. Then, insofar as this merger is concerned, am I correct in believing the need for further transfer to Adley will be eliminated?

A. Not that I know of.

Q. Can you explain that, in the light of your previous statement?

A. Not any more than we would refuse to transfer at the present time our Buffalo shipments going to Cleveland, which we do, although it is in competition with our through operation.

Q. You mean when you use shipper's routing?

A. Yes; that is right.

Q. Am I correct in believing that so far as freight which does not have shipper's routing is concerned, the need for transfer to Adley will be eliminated when McCarthy becomes a part of the system of Associated Transport, Inc., under the application that is now pending?

A. At the present time, every shipment will go—if a customer gives us a shipment that we can move via Moran, it is routed via Moran. If they put it down through Trans-American, it is routed

through that medium. It is routed through that medium and handled in connection with those carriers.

Q. If it is routed Associated, it would go Associated all 1225 the way, would it not, assuming that "Associated" refers to the Associated Transfer, for which the application is now pending?

A. Yes.

Q. McCarthy would then be a part of Associated Transport, Inc.?

A. Yes, sir.

Q. So that there would be no need for an exchange to Adley?

A. If the customer doesn't desire any exchange, there wouldn't be; no.

Q. Do you have joint through rates with Adley?

A. Yes.

Q. And McCarthy?

A. Yes, sir.

Q. You stated that you have extensive competition from private trucks. Do private trucks serve the public?

A. Individually; yes.

Q. But primarily they are concerned with serving their employer, who is a shipper, are they not?

A. Yes. It is also service to the employer's customers.

Q. Do contract carriers, as a rule, in your territory haul general commodities?

A. Yes, sir.

Q. For concerns which have quite a few types of freight to be hauled; is that right?

A. Well, not necessarily, but I mean that they have so many customers and so many various kinds of commodities from 1226 those customers, that it gets in the category of general commodities.

Q. Breaking it down, can you tell us, from your own experience in the territory with which you are familiar, about how many shippers a contract carrier will serve—one contract carrier?

A. No. That is a point I would like to determine, that is, where they cease to be a contract carrier. We have sometimes 10 or 12 or 15 concerns. They pool up, and necessity requires that you get money for return loads.

Q. Do you know of any carrier which has been certificated by the has certificated for as many as 25 shippers?

A. I don't know as the Commission has restricted contract carriers to just how many shippers they can serve.

Q. Will you please answer my question?

A. I don't think there is anything contained in the certificate as to just how many shippers.

Q. All right, sir: I simply asked you if you know that there are any carriers who are certificated to serve as many as 25 shippers.

A. I couldn't state.

Q. Would your answer be the same as to the number of 15 shippers?

Mr. SULLIVAN. I think he has answered the question. I object to it, Mr. Examiner.

Exam. BAKER. The witness may answer, if he knows.

The WITNESS. Put that question again.

1227 (Question read.)

A. Well, I couldn't state definitely.

By Mr. MACDONALD:

Q. Can you state from your own knowledge how many commodities on the average would be carried by a contract carrier in the territory with which you are familiar?

A. There doesn't seem to be any restriction as to commodities.

Q. I did not ask you whether there were restrictions, but as a matter of practice, how many commodities on the average would be carried by a contract carrier?

A. That depends upon the size and scope of the contract. I know contract carriers that are certified to handle general commodities, which would take in thousands of various commodities.

Q. Do you know of any carrier which has been certificated by the Commission to carry as many as 10 commodities?

A. As I stated, I know contract carriers certificated to carry general commodities.

Q. Would you name such a carrier, please?

A. Stibbs Transportation Line.

Q. How many shippers does he serve?

A. I couldn't say.

Q. But you do know?

A. I know them for a contract carrier of general commodities.

Q. Has a permit been issued by the Commission to the Stibbs Transportation Lines, if you know?

1228 A. I couldn't say. I have the file in my office, but I haven't checked it.

Q. Is the Stibbs Transportation Lines also a common carrier?

A. They have filed both—both contract and common carrier.

Q. So far as their operations are concerned, is it a fact that their common carrier rights would be used supplementary to their contract carrier rights?

A. There have been cases where carriers have been given contract and common carrier rights, if that is what your question is?

Q. Do you know whether he is a dual carrier, operating over the same territory and in both types of service?

A. He is; yes.

Q. Has he been issued a permit and a certificate by the Commission?

A. As I told you, I couldn't state. I don't know just what his status is. The last time I heard, Stibbs Transportation application was sent to the field to be handled.

Q. Would you say that a contract carrier, as regards the competition he affords to the Moran Lines, offers any more competition than that relating to the limited number of commodities he carries, if he is so limited?

A. I don't understand that.

Exam. BAKER. That question answers itself, does it not, Mr. Macdonald? That is argumentative, I think. It involves 1229 motive.

Mr. MACDONALD. We have a motive, Mr. Examiner. I will strike it. That is all I have.

Exam. BAKER. Is there any further examination?

Mr. SULLIVAN. I have just a couple of questions to ask him, and then I will be through.

Exam. BAKER. Very well.

Redirect examination by Mr. SULLIVAN:

Q. Mr. Mead, the Moran Transportation Lines, do they ship or do they use any interchange or a substantial amount of interchange to the south; I mean joint rates?

A. We don't have any joint rates, only to three points I mentioned in connection with Cowan.

Q. And what are the three points?

A. Washington, Baltimore and Wilmington.

Q. All right.

Mr. MACDONALD. May I ask is that Wilmington, Delaware?

The WITNESS. That is correct; yes, sir.

By Mr. SULLIVAN:

Q. Except for the drug movement, you said.

A. In connection with Mason & Dixon Lines from Norwich, New York.

Q. Where do you transfer with Mason & Dixon?

A. Philadelphia.

Q. Does Mason & Dixon come to Binghamton?

A. Not to my knowledge.

1230 Q. Does the Moran Company have any substantial movement of freight into what might be called the south, other than those points that you named?

A. We have practically no tonnage down now.

Q. Say it again, I can't hear you.

A. We don't have practically no tonnage moving down there now.

Q. You mean that we have no tonnage moving down there; is that it?

A. No; that is right.

Q. And we have no connections, except those that you have named?

MR. MACDONALD. Mr. Examiner, I object, on the ground that it is leading.

EXAM. BAKER. Objection sustained.

MR. SULLIVAN. Mr. Examiner, there is some justification for some of the leading questions. I say it is proper under the circumstances. Mr. Macdonald asked the witness a question as to whether there were substantial movements into the south by a combination of rates.

MR. MACDONALD. This is informing the witness, Mr. Examiner.

MR. SULLIVAN. Trying to trap a witness here. I don't understand that philosophy. I am trying to get at the facts.

MR. MACDONALD. It is not facts—

EXAM. BAKER. You may complete your statement, Mr. Sullivan.

1231 MR. SULLIVAN. I hope so. I say, I asked a question as to whether there was a substantial volume of business moving into the south by joint rates. Counsel intended to show that the Moran Company had a substantial volume of movement into the south by joint rates. That will be a fair connotation upon the record, for Mr. Mead to answer, but I think what Mr. Mead meant was that there is a joint movement from the north to the south by joint rates, but not over the Moran Lines, and in order to keep from going all over the landscape and avoid difficulty in straightening it out, I asked the question. The question he put to him was for the purpose of misleading the witness.

MR. WIPRUD. We object to the statement of counsel. There is nothing in the record to warrant that.

MR. SULLIVAN. Mr. Examiner—

MR. WIPRUD. I think Mr. Macdonald has fairly stated his purpose. There is no misleading the witness here. All we want are the facts.

EXAM. BAKER. All right. Proceed with your examination.

By MR. SULLIVAN:

Q. Is it a fact that the Moran Company does not have a substantial volume of movement to the south, by means of joint rates?

A. No; we do not. We have very little, and that is to those three points.

Q. All right. Do you know the volume? Well, that is
1232 all right—a joint rate to those three points.

A. Yes.

Mr. MACDONALD. Well, now—

Mr. SULLIVAN. I just wanted to know whether—

Mr. MACDONALD. I think our position was very well brought out by the witness.

Exam. BAKER. Proceed, Mr. Sullivan.

By Mr. SULLIVAN:

Q. I mean it is not a combination.

A. No; a joint through rate.

Q. Now, Mr. Mead, can you give us the volume, or the percentage of the volume, either one of the interchange business that Moran Company does to all points? What percentage of its revenue or what amount of its revenue, in dollars, is interchange business?

Mr. MACDONALD. Mr. Examiner, I think that is in the record by Mr. Arbour's testimony.

Mr. SULLIVAN. He was not testifying for the Moran Company. I do not know how he would know.

Exam. BAKER. This witness may answer also.

A. I would have to check on it.

Mr. SULLIVAN. All right. That is all.

Exam. BAKER. We will take a recess for 15 minutes. After the recess, I will have one or two questions of Mr. Mead.

(A short recess was taken.)

1233 Exam. BAKER. Come to order, please.

Mr. SULLIVAN. I have one question, Mr. Examiner.

By Mr. SULLIVAN:

Q. I would like to ask you, Mr. Mead, are you now prepared to give us the percentage of revenue that the Moran Transportation Company received from transfers?

A. Approximately 20 per cent.

Q. What is the Moran revenue, roughly, do you know?

A. Approximately \$3,000,000.

Q. That would be, then, how much in dollars—20 percent?

A. About \$600,000.

Q. Is that percentage of the Moran revenue, therefore, derived from territory outside of the place where Moran has its routes? I mean, on hauls of freight going outside of the territory?

A. That is correct; yes, sir.

Mr. SULLIVAN. That is the only question I have, Mr. Examiner.

Exam. BAKER. Mr. Mead, I notice your exhibits lists car loading companies, including the National Car Loading Company, Universal Car Loading Company, and Acme Fast Freight, Inc. Is the latter a car loading company?

The WITNESS. Yes, sir.

Exam. BAKER. Is each of these companies a motor carrier operating under its own rights?

The WITNESS. They have applications on file with the Interstate Commerce Commission as motor carriers, and it still
1234 is status quo as to their actual status, and therefore they have continued to be in competition and operating over all the routes indicated in this exhibit.

Exam. BAKER. With respect to the Seaboard Freight Lines, you said, I believe, that the Keeshin System extended into the middle west. Do you know whether or not the operations of the corporate entity, Seaboard Freight Lines, extend into the middle west?

The WITNESS. No; Keeshin, or Seaboard, rather, operates throughout New England and between New York metropolitan area and New York State points.

Exam. BAKER. They are all the questions I have. The witness is excused.

Mr. SULLIVAN. I have one more question, please.

By Mr. SULLIVAN:

Q. You mentioned Buffalo Storage and Delivery. To whom do they belong?

A. Buffalo Storage & Delivery, I understand, the Pennsylvania Railroad Company.

Q. Who does the C. & P. belong to?

A. The same concern.

Q. The Pennsylvania Railroad?

A. Yes, sir.

Q. The Liberty—what is its full name?

A. The Liberty Forwarding & Distributing Company.

Q. Are they affiliated with some other company?

1235 A. Well, it is my understanding they are affiliated with Acme Fast Freight, or through the same relationship.

Q. Do you know the percentage of revenue of any of these companies, such as Interstate, the percentage of, say, Interstate's \$9,000,000 revenue which you spoke of that they derived from operations for that part of their work which takes place in the Moran territory or the New England territory?

A. Well, within approximately 30 to 35 per cent.

Q. So that I understand you are saying that the percentage of revenue of \$9,000,000 that is derived from hauls in New York and New England, would be around \$3,000,000?

Mr. MACDONALD. Mr. Examiner, I wish to interpose an objection on the ground that the witness testified on cross-examination he could not analyze the business in regard to the territories in which they operate.

Exam. BAKER. I realize he so testified. If he wants to change his testimony, he may do so. Do you have personal knowledge of the facts?

The WITNESS. The information I got is from the officers, outlining just what percentage of their operation is within that area. I could not definitely state exactly just what it is, but from conversations with these gentlemen and at rate hearings and other hearings, they have indicated just how much of their business would be involved in any rate adjustment within, we will say,

Middle Atlantic and New England area.

1236 Exam. BAKER. Does this figure of 30 or 35 per cent cover the Middle Atlantic and New England areas?

The WITNESS. Well, the Middle Atlantic, insofar as New York State is concerned, and New England, and I understand their operations in New England are confined to Massachusetts, Connecticut, and Rhode Island.

Exam. BAKER. What I want to know is, does the figure of 30 to 35 per cent of their business include business derived from operations in New England, as well as New York State?

The WITNESS. Yes, sir.

By Mr. SULLIVAN:

Q. You named the Motor Express as one of the companies with which Moran connects?

A. Yes, sir.

Q. They are part of the trucking system?

A. U. S. Freight.

Q. U. S. Freight Lines of Delaware?

A. That is right.

Q. Who owns Niagara—what is their full name?

A. Niagara Motor Express.

Q. Where do they operate?

A. They operate throughout New York State over practically the same routes we do.

Q. Meaning Moran?

A. Yes.

Q. Who owns Niagara?

1237 A. William O'Neill.

Q. What, if anything, is his connection with the U. S. Truck Lines of Delaware?

A. Well, he is a substantial stockholder in that company, and, in fact, Niagara Motor Express was formerly owned by the U. S. Truck Lines, and they sold that to William O'Neill.

Q. Now, there has been some testimony here by Mr. Altwater that the gross business of the U. S. Truck Lines of Delaware in 1940 was somewhere around \$17,000,000 to \$18,000,000. Do you subscribe to that testimony?

A. Yes, sir.

Exam. BAKER. Do you have any personal knowledge of that?

The WITNESS. Well, I do. I will tell you how I obtained the information. It is through William O'Neill, of Niagara Motor Express. He is a personal friend of mine.

Mr. MACDONALD. I object to it as hearsay.

Exam. BAKER. Do you desire the testimony to be stricken?

Mr. MACDONALD. I do.

Exam. BAKER. The answer of the witness will be stricken, so far as it pertains to the revenue of the U. S. Truck Lines.

By Mr. SULLIVAN:

Q. Do you know who the president or the operating head of the U. S. Truck Lines of Delaware is?

A. It is Steve O'Neill or Hugh O'Neill.

Q. Hugh O'Neill?

A. Hugh O'Neill.

2114 Q. What relation is he to Mr. William O'Neill?

A. He is a brother.

Q. You mentioned Mr. Steve O'Neill. He is also an officer of U. S. Truck Lines of Delaware?

A. Yes, sir.

Q. What relation is he to Mr. Hugh O'Neill and to Mr. William O'Neill?

A. Brother.

Q. Do you know whether or not Mr. O'Neill was connected with the Niagara Freight System before he acquired the ownership of it?

A. He was president.

Q. And that was, as you testified, at the time it was owned by the U. S. Truck Lines; is that right?

A. Yes, sir.

Q. At that time was he also an officer of U. S. Truck Lines?

A. Yes, sir.

Mr. SULLIVAN. That is all. At this time, I offer Applicant's Exhibits 17 and 18, which are now marked for identification. I offer them in evidence.

Mr. MACDONALD. I object to the admission of Applicant's Exhibit 17, on the ground that it is incomplete and misleading in re-

gard to the points served on the routes indicated, and the map does not represent a true picture of the operations of the Moran Company.

1239 . Exam. BAKER. The objection will be overruled. Applicant's Exhibits Nos. 17 and 18 will be received in evidence. (Exhibits 17 and 18, Witness Mead, received in evidence.)

Exam. BAKER. Are there any further questions of this witness? The witness is excused.

Mr. BURNETTE. I would like to ask one question.

By Mr. BURNETTE:

Q. Mr. Mead, you show Lynchburg on the C. & O. and N. & W. Is there any other road serving Lynchburg?

A. I obtained this information from the Official Railway Guide, and it may be possible that there are others serving that point.

Q. Lynchburg is also served by the Southern Railroad. We have three railroads there, and I would like to get Lynchburg in the proper light.

Mr. BURNETTE. That is all. Thank you.

The WITNESS. You are welcome.

Mr. MACDONALD. Mr. Examiner, at this time I want to correct an impression which one of my questions made on the record, in which I assumed Mr. Arbour had testified in this proceeding that Consolidated was the third largest trucking company in the United States. That was derived from the record of the proceed-

1240 ing in another case and consequently I was not correct in saying it was received in this case. I would like to have the record so show.

Exam. BAKER. Very well.

Mr. SULLIVAN. He wants the record to show what—that that is the fact and that Mr. Arbour testified to it, and that he derived that knowledge from another case, and after that took notice of the other case, or what does he want the record to show?

Exam. BAKER. Of course, we will not take notice of the other case.

Mr. MACDONALD. I think my statement so indicated.

Exam. BAKER. The witness may be excused.

(Witness excused.)

Exam. BAKER. At this time, I would like to ask that all counsel refrain from making any derogatory remarks with respect to any other counsel. I have no desire for this hearing to degenerate into a dog fight. Do you have another witness?

Mr. SULLIVAN. That is all I have.

Mr. JOSELOFF. I have another witness, Mr. Examiner.

Exam. BAKER. Very well.

Mr. JOSELOFF. Mr. Duffy.

H. R. DUFFY, being first duly sworn, testified as follows:

1241

Direct examination by Mr. JOSELOFF:

Q. Give your name and address to the reporter, please.

A. H. R. Duffy, 185 East 33rd Street, Paterson, New Jersey.

Q. What is your occupation, Mr. Duffy?

A. Secretary, Arrow Carrier Corporation.

Q. How long have you been associated with Arrow Carrier Corporation?

A. Going on 17 years.

Q. Will you explain what your duties are and have been with the Arrow Carrier Corporation over that period of time?

A. My first duties were those of a solicitor. Later I handled the erection of terminals and the setting up of routes, et cetera. I have handled all matters before the Pennsylvania Public Service Commission relative to rights within the State of Pennsylvania, along with rate matters; and since 1936 I have handled the majority of the matters before the Interstate Commerce Commission.

Q. What has been your connection or your association in the motor-truck field or in the transportation field prior to your 17 years of association with Arrow Carriers Corporation?

A. Well, in my association with transportation since 1908, with the American Express Company: I spent about 6 years with that company. Up until 1918 I worked for others. After that period

I was in the trucking business for myself, from 1918 to 1923.

1242 Q. Are you a practitioner before the Interstate Commerce Commission?

A. I am not. I practice under Rule 1 (b).

Q. What is that rule, Mr. Duffy?

A. An officer of a corporation can represent the corporation before the Commission.

Q. And as such, have you attended hearings before the Interstate Commerce Commission?

A. I have.

Q. From your occupation and duties, are you in a position to know of your own personal knowledge of competing forms of transportation with Arrow Carrier Corporation?

A. I am.

Q. I show you an exhibit entitled "Exhibit of principal motor common carriers operating in competition with Arrow Carrier Corporation and other motor common carriers composing a part of Associated Transport, Inc." and ask you whether or not that was prepared pursuant to your direction and control?

A. I prepared the data attached to the map.

MR. JOSELOFF. I ask that this be marked for identification, please.

EXAM. BAKER. The document described will be marked for identification as "Applicant's Exhibit No. 19."

(Exhibit No. 19, Witness Duffy, marked for identification.)

1243

By Mr. JOSELOFF:

Q. Incidentally, going back a moment to your qualifications, are you a member of any committees of any nature in connection with motor carriers?

A. I am a member of the Pennsylvania Motor Truck Association Rate Classification Committee. I also handled the rate questions relative to eastern Pennsylvania, which is known as the Eastern Pennsylvania Rate Group of the Middle Atlantic Conference.

Q. Are you a member of any traffic bodies or clubs?

A. The Wyoming Valley Traffic Club of Wilkes Barre, Pennsylvania.

Q. Generally, what territory does that club function in and for?

A. In Lycoming, Lackawanna's, and Lucerne Counties in Pennsylvania.

Q. Referring to Exhibit No. 19, Mr. Duffy, will you be good enough to explain the nature of the exhibit, the manner in which it was prepared, and what it purports to portray?

A. Sheets 1, 2, 3, and 4 of the exhibit were prepared first—

Q. May I interrupt for just one second, Mr. Duffy, please? You are referring to the large sheet with numbers on it and the three sheets in order appended to the back of this exhibit; is that correct?

A. That is correct.

Q. All right. Will you please continue, then?

A. I have prepared this list first from known competitors whom I found listed in the National Motor Freight Classification.

1244 **In addition thereto; I added carriers that operated purely in interstate commerce between intrastate points. I have not added a complete list of all competition with our operating area.**

Q. Now, after you did select the names of carriers as set forth in this exhibit, what did you do next in order to determine whether to list the carrier and set forth its particular place in this exhibit.

A. First, I designated as "A" the regular route competition in our area. Secondly, I designated as "B" the irregular route competition in our area. I then designated a number for each carrier.

Q. And those symbols were arbitrarily chosen by you, Mr. Duffy, for explanatory purposes?

A. That is correct.

Q. Looking at page 1 of your exhibit, will you just, for reference purposes and to illustrate it, explain one or two carriers listed thereon and tell us what they mean.

A. Well, you can take No. 2. It is classified as a class A carrier. That is a regular route operator. The name of the Company is Allentown-Easton Motor Express. The main office is in Allentown, Pennsylvania. From there I designated on one of the three maps attached thereto in what area that carrier competed with our company.

Q. Now, suppose you carry that through. You are referring now to carrier 2, class "A," Allentown-Easton Motor Express, Allentown, Pennsylvania; is that correct?

A. Correct.

Q. Now, suppose you carry that through and show how this exhibit should be referred to.

A. If you will refer to the map, the first map of the exhibit, radiating out of New York, you will note that carrier 2 serves the terminal area of Phillipsburg, New Jersey.

Q. Any other terminal area? Will you look at Reading, Pennsylvania, and see if that refers to carrier 2, or is it No. 24 instead of No. 2?

A. That is No. 2. That is correct. He serves Reading, Pennsylvania, Allentown, Pennsylvania. I note it is not carried forward.

Q. Do you wish to correct this page of the exhibit to include No. 2, opposite the Allentown, Pennsylvania, block?

A. That is correct.

Q. Now, will you run that same carrier through on the other maps, as you have described them, in this exhibit, and see if it applies?

A. First, you will find 2 from Phillipsburg to Allentown, 2 from Phillipsburg to Reading, Stroudsburg and to Scranton.

Q. These numbers and letters are keyed in with the three pages of maps that are attached to this exhibit; is that correct?

A. That is correct.

1246 Q. Will you, for the sake of the record, carry through Carrier B. Let us take No. 7, for example, which is listed on page 1 as the Academy Storage & Warehouse Company of Newark, New Jersey. Will you explain how that is to be interpreted?

A. I think if you will look through the whole of the three maps here, you will find No. 7 carried throughout every terminal area. The reason for that is that the Academy Storage & Warehouse Company has pending an application, in which they

claim grandfather rights between all points in the states of New York, New Jersey, Pennsylvania, Connecticut, Massachusetts, Rhode Island, et cetera.

Q. To divert for just a moment to this pending application, have you knowledge of that pending application, of your own personal knowledge?

A. I attended the hearing, sir.

Q. You attended the hearing?

A. Correct.

Q. Do you know whether or not, from your own knowledge, the Commission has actually entered an order on these pending applications?

A. They have entered a compliance order, to which exceptions were filed. The matter is still pending.

Q. Now, looking at the maps in the front of the exhibit—

A. Mr. Joseloff, may I correct that? I did not mean a compliance order. I meant a recommended report and order, 1247 rather than a compliance order.

Q. Thank you. Now, will you explain just what these maps purport to portray? I have in mind one with New York on the right-hand side, and in a big semicircular block after that Binghamton, New York, and the third, Phillipsburg, New Jersey.

A. The first map is supposed to portray competition between the New York metropolitan area on the one hand and these terminal points within a radius of 10 miles thereof on the other. The second map is to show competition between Binghamton, New York, and a radius of 10 miles from there on the one hand, to our terminal areas, and a 10-mile radius thereof in Pennsylvania. The third map portrays competition between Phillipsburg, New Jersey, and a radius of 10 miles thereof to the terminal set forth there and a radius of 10 miles thereof, on the other.

Q. Why were those three points selected as you have selected them here?

A. The request was made that the exhibit be drawn up accordingly.

Q. I mean, is there anything particular in the operations of the Arrow Carrier Corporation which would lend itself to a portrayal of competition in this particular?

A. Yes; there is. One is for competition from New York Metropolitan area on the one hand and points in Pennsylvania on the other, and on the other hand, you have competition 1248 from Phillipsburg, New Jersey, and points in a 10-mile radius thereof, on the one hand, to points in Pennsylvania, on the other, and the same thing with Binghamton.

Q. Do they reflect the traffic trend of the Arrow Carrier Corporation?

A. That is correct.

Q. Now, do you have any further comment or clarification to make on this Exhibit No. 19?

A. Yes; I do. I think there should be some clarification made to indicate that the carrier could operate in interstate commerce between intrastate points.

Q. You have some carriers listed on this exhibit?

A. That is correct; yes, sir.

Q. Will you please clarify the record and the exhibit, having that in mind?

A. No. 3, Alto Trucking Company of West Hazleton, Pennsylvania. No. 30, M. A. Clark, State College, Pennsylvania. No. 31, Central Storage & Transfer Company, Harrisburg, Pennsylvania. No. 47, Peter J. Freas, Allentown, Pennsylvania. No. 59, Gregg's Motor Lines, Scranton, Pennsylvania. No. 64, Hall's Motor Transit Company, Sunbury, Pennsylvania.

No. 69, Heffelfinger Freight Lines, Myerstown, Pennsylvania. No. 85, Keystone Express & Storage Company, Lancaster, Pennsylvania. No. 86, Kuhn's Transfer, Inc., Wilkes-Barre, Pennsylvania. No. 148, Zearfoss Transfer Company, Hazleton, Pennsylvania.

Q. Aside from those you have listed, are there any other carriers listed in your exhibit which do an interstate business but over intrastate routes listed in this exhibit?

A. No; I think that clears up the exhibit, so far as that is concerned.

Exam. BAKER. May I interrupt for a moment? Are any of the carriers that you have named entered on these charts at the front of the exhibit?

The WITNESS. They should not be.

Exam. BAKER. That is what I had in mind.

The WITNESS. They really should not be.

Exam. BAKER. If they are named, it is in error; is it not?

The WITNESS. That is correct. Taking one, for example, Alto, which is not listed on the maps.

Exam. BAKER. You may proceed, Mr. Joseloff.

By Mr. JOSELOFF:

Q. While we are on the point that the Examiner has called attention to, Mr. Duffy, if you will look at the map, the Phillipsburg, New Jersey, terminal area to Stroudsburg, Pennsylvania, I think we find a No. 1 there. Is that an error?

1250 A. Allentown-Bangor Motor Express operates between Phillipsburg and Allentown on the one hand, and from Allentown to Stroudsburg and Bangor on the other.

Q. That is correct, then?

A. You will find that entered on Stroudsburg from Phillipsburg on the map. You will also find Allentown on the Phillipsburg map.

Q. Excuse me. I was in error on that. I thought you had named that as a carrier that we were just discussing, but I see that you had not. Will you continue, please?

A. I also believe that the exhibit should be cleared up so far as the commodity carriers are concerned, that is, carriers limited to a few commodities, rather than general commodities.

Q. Will you clear that up?

A. No. 10, American Transport Corporation, Kearny, New Jersey, Bolus Motor Lines, Scranton, Pennsylvania—

Q. Is that No. 16?

A. Yes; No. 16.

Q. Thank you.

A. No. 21, Sam Brown, Jersey Shore, Pennsylvania. No. 33, Paul Crebbs, Northumberland, Pennsylvania. No. 34, Collum Trucking Company, Jersey City, New Jersey. No. 38, Delaware Valley Transportation Company, Oxford, New Jersey. 1251 No. 45, Follmer Trucking Company, Danville, Pennsylvania. No. 50, Funston & Son, Muncy, Pennsylvania. No. 61, Geroulo Brothers, Allentown, Pennsylvania.

No. 76, Hoffman Motor Transportation Company, Harrison, New Jersey. No. 80, Interstate Dress Carriers, New York, N. Y. No. 98, Lock Haven Transfer Company, Lock Haven, Pennsylvania. No. 128, Allen T. Roberts, Walnutport, Pennsylvania. No. 133, Silver Lines, New York, N. Y. No. 141, West Motor Freight, Boyerstown, Pennsylvania. I would like to clear it up further to this extent—

Q. When you say "it," do you mean the exhibit?

A. The exhibit, sir.

Q. Thank you.

A. As to the footnote, with respect to carriers who have rights and seldom exercise them.

Q. In other words, are you now referring to your legend on page 4 of your exhibit, entitled "B-Competitors Possessing Operating Rights But Whose Activities Are Irregular, Or May Not Exercise Them"?

A. That is correct.

Q. Will you continue, please?

A. No. 4, American Carrier System, Newark, New Jersey.
 No. 5, American Freight Dispatch, Newark, New Jersey.
 1252 No. 22, B. & Z. Express Company, West New York, New
 Jersey. No. 27, Carbondale Trucking Company, Whittany,
 New Jersey. Funston & Son, Muncy, Pennsylvania.

Q. What is the number?

A. That is No. 50—Muncy, Pennsylvania. No. 56, Garford
 Trucking Company, South River, New Jersey. No. 74, Highway
 Freight, Jersey City, New Jersey. No. 77, International Motor
 Freight, Paterson, New Jersey. No. 87, Lakeland Express, Dover,
 New Jersey. No. 89, M. K. Laubach Transportation Company,
 Phillipsburg, New Jersey.

No. 108, Monarch Motor Freight Lines, Newark, New Jersey.
 No. 131, Schreiber Trucking, Inc., Pittsburgh, Pennsylvania. No.
 132, Shipper's Forwarding Company, Akron, Ohio. No. 136,
 Shenandoah Motor Freight, Shenandoah, Pennsylvania. No. 146,
 White's Express, Bloomfield, New Jersey.

Q. Will you just explain what you mean more clearly with re-
 ference to these carriers that you have just named as having
 operating rights, but who may not exercise them?

A. Well, let us take the B. & Z. Express Company, West New
 York, New Jersey. That is No. 22. He has a right to transport
 silks, rayons, celanese, acetates, and commodities used in the
 silk business between West New York, New Jersey and
 1253 Allentown, Bethlehem, Easton, Pottsville, Reading, and
 Pottstown, and the only time he exercises that right is when
 he gets a truckload of freight.

Q. Then, if I understand you correctly, these carriers have the
 right, but to your personal knowledge, you do not know as they
 have exercised it often? Is that what you mean, Mr. Duffy?

A. That is correct. In other words, I will explain it this way,
 that we know the shipper and we transport the freight overnight
 in the truck, and the only time we do not get it is when he can
 make up a truckload.

Q. Is there any further comment that you wish to make in fur-
 ther explanation of or clarification of this Exhibit No. 19?

A. I might take another one for you. I might take the Ameri-
 can Freight Dispatch, Newark, New Jersey. That is an opera-
 tion on which a recommended report and order has been issued.
 The operation, to my knowledge, has not been operated for at least
 two years or more. However, some of the freight, which moves on
 a bill of lading of the American Freight Dispatch, is transported
 on vehicles of the Interstate Motor Freight System of Detroit,
 Michigan.

Q. Now, with the explanation that you have made, can it be said that this exhibit contains a list of carriers by motor truck of commodities generally, both over irregular and regular routes, in competition with Arrow Motor Corporation, except as otherwise stated by you in clarification of this exhibit?

A. That is correct, sir.

Q. Now, is there any further clarification or correction that you wish to make on this exhibit, Mr. Duffy?

A. Not at the present time.

Exam. BAKER. Mr. Duffy, you mentioned the American Freight Dispatch. Is that a subsidiary of Interstate Motor Freight?

The WITNESS. From what I know of it, sir, it is, and a recommended report and order was issued after an informal hearing. Then there was an application filed by the Interstate Motor Freight System to purchase the operating rights. Then the matter was set aside and reopened, first, to determine what rights the American Freight Dispatch really had, but from its recommended report and order it has rights in the area designated by this exhibit.

Exam. BAKER. Do you have knowledge of any proceeding before the Section of Finance, in which the Interstate Motor Freight System sought authority to acquire control of American Freight Dispatch?

The WITNESS. Only to this extent, that I attended a hearing before the Interstate Commerce Commission in the application of the American Freight Dispatch, and it was there that I understood that there had been proceedings relative to the acquisition of that company by the Interstate Motor Freight System.

Exam. BAKER. Very well.

By Mr. JOSELOFF:

Q. Does this list contain the entire list of competition by motor carriers or transportation in general?

A. No; it does not.

Q. Excuse me. I have not finished the question.

A. I beg your pardon.

Q. Competition with Arrow Carrier Corporation.

A. No, sir. I would say that what we have here is our known competition, our best competition. In addition to that, we have many irregular route operations between New York and points in New Jersey on the one hand.

Q. You do not mean you had this—

A. No; we had competition. You spoke of the competitors.

Q. Yes; competitors.

A. We have competition of many operators. We have rights from the New York Metropolitan area and northern New Jersey on the one hand to points in Pennsylvania east of the Susquehanna River. There are many of these orders, and in addition to that, I would conservatively estimate that we have about 250 coal truckers, who haul coal from Pennsylvania to the metropolitan area and haul various types of commodities back, some general, some limited, and so forth; et cetera.

Q. What can you tell us of the competition of railroads
1256 in the territory served by the Arrow Carrier Corporation?

A. Well, we have the Pennsylvania, Lehigh Valley, Jersey Central, Reading Company, D. L. & W. I would say that was it. In the northern part of Lockhaven, we have the New York Central.

Q. Is there a considerable amount of competition by means of private trucks of shippers in the territory serviced by Arrow Carrier Corporation?

A. There is some. I really do not know of any great amount of it.

Q. Do you know of your own knowledge that there is some competition?

A. There is some. ..

Q. Do you have the competition of express companies or forwarding companies in your territory?

A. We do. We have the Acme Fast Freight, the Universal Car Loading Company, and the National Car Loading Company. In addition to that, of course, we have the Railway Express Agency.

Q. Those transportation agencies are not listed in your Exhibit No. 19; are they?

A. No, sir.

Q. Now, then, going back to the source of your information
set-up in Exhibit No. 19, I ask you whether or not the companies that you have listed here, from your own personal
1257 knowledge, in addition to having operating rights, as you have set forth, actually do operate them at the present time?

A. That is correct, outside of, as I said, irregular route, and some that exercise them only occasionally.

Q. With those explanations, would you say, from your own personal knowledge, you know that they are exercising those right today?

A. Yes, sir.

Q. How extensive is the competition of contract carriers with the Arrow Carrier Corporation?

A. I would say it is about the same as private operation. I do not believe it is very extensive.

Q. You have not listed any contract carrier competition in your Exhibit No. 19; have you?

A. No, sir.

Q. You are acquainted, are you not, with the number of companies in the proposed unification, in its present application, to some extent?

A. Not totally acquainted with them.

Q. I mean, you know the number of companies that are involved in this application?

A. I know about eight, to be honest.

Q. Well, answering that, I would say that that is all there are. Can you tell us, please, from your knowledge of the operations of Arrow Carrier Corporation, whether or not there
1258 is any competition existing at the present time between the Arrow Carrier Corporation and any one or more of the companies in this proposed unification?

A. The only one I know of is Barnwell. Barnwell has a right between New York, by U. S. Highway No. 1 and 22, to Reading, Pennsylvania, and thence by 422 to Harrisburg, and also from Reading, the extent of our company, by U. S. Highway No. 222 to Ephrata, Pennsylvania.

Q. With reference to the competition of Barnwell, what amount, if you can state, is it with regard to the entire business of the Arrow Carrier Corporation?

A. Practically nothing.

Q. Now, is there any other competition between Arrow and other members of the proposed unification?

A. There is only one point, and that is between Binghamton, New York, and New York, New York, and Moran has a right between those two points.

Q. Of how much relative importance is the amount of business of Arrow between those two points, as compared with total volume of business?

A. Well, the best way to explain it, I think, is that we have around 240 pieces of equipment, and we operate two to Binghamton, New York.

Q. Is there any further competition of the nature that you have just been discussing?

1259 A. No; not that I know of, sir.

Q. Then, what can you tell us of any elimination of that type of competition, if the proposed unification be approved, so far as the Arrow Carrier Corporation is concerned?

A. I just don't understand your question, Mr. Joseloff.

Q. Well, I will reframe it. Perhaps it is a little ambiguous. I want to know whether, in your opinion, and from your knowledge

of the business of the Arrow Carrier Corporation, and on the basis of your previous statements, there would be any elimination of competition between Arrow Carrier Corporation and these other companies in the proposed unification, if the proposed unification be approved.

A. I don't think there would be any. So far as I understand it, I doubt as to whether there would be any. I might enlarge upon that statement by saying the reason for that would be that the only two carriers involved which are competitive go beyond the area which we serve.

Q. Is there substantial competition with Arrow on the part of so called intrastate operators who handle interstate traffic, and who may have filed registration statements with the Commission?

A. Yes; quite a lot of it, sir.

Q. And is it possible to determine from the files of the Commission the number and extent of that type of competition?

A. You could to the extent of that which you know. That 1260 would be about the only way you could.

Q. In other words, what I meant to ask you is whether or not that type of information, so far as you know, is in the files of the Interstate Commerce Commission.

A. Do you mean relative to the registration of the operation?

Q. I mean whether or not the information based on the filing of the registration papers would indicate the routes of these intrastate carriers.

A. I think it would, sir.

Q. Where would you find that?

A. Only in those that are filed on form MBC-6. I think for Pennsylvania you might find that in the Philadelphia office of the Interstate Commerce Commission.

Q. In any event, you have not listed that type of competition in this exhibit; have you?

A. I have listed it, but I have already explained it.

Mr. JOSELOFF. That is all.

Exam. BAKER. We will suspend until 2:15.

(Whereupon, at 12:55 o'clock p. m. a recess was taken until 2:15 o'clock p. m.)

1261

AFTERNOON SESSION—2:15 P. M.

Exam. BAKER. Come to order please. Is Mr. Duffy here?

Mr. JOSELOFF. Yes; he is, sir.

H. R. DUFFY, resumed the stand and testified further as follows:

Mr. GLENN. Mr. Examiner, would this be a convenient time for me to enter an appearance?

Exam. BAKER. Yes; it would.

Mr. GLENN. I want to enter an appearance for the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, for which organization Mr. O'Brien has been present during part of the proceedings. I am appearing in his stead. My name is James A. Glenn, 736 Bowen Building. Mr. O'Brien has been appointed on a wage and hour board by the government, and that requires him to be away.

Exam. BAKER. Are you registered to practice before the Commission?

Mr. GLENN. I have not been admitted to practice before the Commission. I have been admitted before the District Court in Ohio, United States Court, and in the District of Columbia.

Exam. BAKER. Have you participated in any other proceedings before this Commission?

Mr. GLENN. No; I have not.

Exam. BAKER. You will be permitted to appear in this 1262 proceeding. If you desire to participate in any others, you should make appropriate application to the Secretary for admission.

Mr. GLENN. Thank you.

Exam. BAKER. Has the applicant completed its direct examination of this witness?

Mr. JOSELOFF. We have, sir.

Exam. BAKER. Cross-examine.

Cross-examination by Mr. MACDONALD:

Q. Mr. Duffy, can you state the amount of interstate business carried by Arrow Carrier Corporation, in which the commodity would be silk?

A. It would only be a hazard, a guess, but I would say about 30 to 35 per cent.

Q. That would be business between Pennsylvania points and points in what states?

A. New York, New Jersey, and Pennsylvania. That is including your intrastate.

Q. That is including intrastate?

A. That is correct.

Q. You can not distinguish between interstate and intrastate silk traffic?

A. No; that would be hard to do.

Q. Do you, from the nature of the restriction on silk imports, expect a diminution of your silk traffic?

1263 A. Well, there will be, as far as raw silk is concerned.

Q. Do you anticipate that that will affect your traffic volume?

A. It would affect our average rate more than anything else.

Q. In other words, you expect to supply whatever deficiency in volume occurs with other types of freight at a lower rate class; is that it?

A. Well, at the present time there is such a demand for truck transportation, I don't expect any loss in volume, but I would expect a loss in the average rate.

Q. That volume will be more in industrial traffic, will it, than in silk, which it has been.

A. That is correct.

Q. Will that be largely intrastate traffic, or will there be interstate traffic?

A. Interstate.

Q. Can you give me an indication of the points between which this traffic will be carried?

A. Interstate?

Q. Yes; the volume that makes up a part of your total.

A. Well, the silk area of Pennsylvania, practically the area we cover, is what is known as the textile area of Pennsylvania; so there will be no particular point that will be affected. It will be the whole area.

Q. Insofar as the industrial materials which you carry are concerned, can you state whether or not there are any
1264 general directions of movement of that material?

A. I just don't understand what you mean by "general directions."

Exam. BAKER. Keep up your voice, Mr. Duffy.

The WITNESS. Yes.

By Mr. MACDONALD:

Q. For example, will there be from Pennsylvania industrial points into New York City or into the New York metropolitan area?

A. I believe it will be both—both from New York metropolitan area and northern New Jersey to Pennsylvania points, and from Pennsylvania points to northern New Jersey and the metropolitan area of New York.

Q. You distinguish in Exhibit No. 19 certain carriers which operate intrastate having interstate authorizations.

A. That is correct.

Q. Are these carriers engaged mainly in intrastate business?

A. Well, that is their main source of revenue, but they pick up between points on their intrastate routes, and at either end of the route they make transfers to interstate carriers.

Q. Do they also receive from interstate carriers?

A. That is correct, sir.

Q. Does the Arrow Carrier Corporation have any great volume of interchange business?

A. The volume of our interchange business is from Pennsylvania and New Jersey on the one hand to the New England states, and that is handled by through tariffs with three carriers, in which individual tariffs are filed, in conjunction with our company. That is the Textile Motor Express of Paterson, New Jersey, the New England Carrier Corporation, Paterson, New Jersey, and Adley Express of New Haven, Connecticut.

Q. Is that largely textile movement?

A. No; that is general commodities.

Q. Assuming that the application in this proceeding is granted, how do you anticipate that these commodities will move in the future?

A. I would say they would move the same way, due to the fact that ever since the Motor Carrier Act, the shippers have become educated in routing their freight, that is, designating the interline carrier.

Q. Is it your expectation, then, that the Arrow Carrier Corporation, which would then be part of Associated Transport, Inc., would short-haul itself; in other words, carry part of the way, and then transfer to another carrier?

A. We would have to, if we were so instructed.

Q. That would depend on the existence of through rates?

A. Not necessarily.

Q. So far as cost to the shipper is concerned?

A. Not necessarily. The shippers have their own favorite carriers that they like to interchange with, and that comes from the fact that, maybe, a consignee will recommend a certain carrier, and they are naturally routed that way, and we will have to follow their routing instructions.

Q. If no joint tariff is adopted as to that second carrier, will the shipper pay a higher cost?

A. If there was no joint tariff published, we would charge the proportionate rate, as set forth in the Middle Atlantic tariffs.

Q. I will ask you to state whether or not this Exhibit No. 19 gives any indication of the volume of business done by the companies named therein?

A. It does not.

Q. I will ask you to state if there is any information contained in the exhibit showing the number of vehicles owned or operated by each of any of the carriers?

A. There is no such information.

Q. Regarding the eliminations or qualifications of carriers which you indicated in going over the exhibit, is it correct to

assume that you do not consider those that you identify as special commodity haulers in competition with the Arrow Carrier Corporation?

A. No, sir; we do consider them as heavy competition of the Arrow Carrier Corporation on that particular commodity to which they are limited.

Q. How many commodities generally does the Arrow Carrier Corporation carry?

1267 A. Every known commodity that is in the classification, or analogous thereto.

Q. How many of those commodities are carried in any great bulk?

Mr. JOSELOFF. Do you mean in any great amount, Mr. Macdonald?

Mr. MACDONALD. Perhaps that is more precise; yes.

A. Well, I would say chemicals, various types of oils, cable—

By Mr. MACDONALD:

Q. I am afraid you did not understand me. Of all of the commodities listed on the tariff, I assume that some would be more frequently in traffic movement than others. How many commodities would you say that the Arrow Carrier Corporation handled in great quantity?

A. That would be almost impossible to make any statement on.

Q. There are quite a few?

A. Yes, sir.

Q. Then, insofar as special carrier commodities are concerned, their competition is limited to the commodity that they carry?

A. That is correct.

Q. Is it your statement or belief that the Arrow Carrier Corporation does not have considerable interchange traffic to points south of its territory?

A. Our interchange traffic to the south is made through our own terminals in Pennsylvania. We pick up and distribute freight for Barnwell Brothers, who operate from the south
1268 into our terminals, at Sunbury, Forty Fort, which is a suburb of Wilkes Barre, and Scranton, Pennsylvania. There we make distribution for them and we pick up for them and there truck leaves our terminals.

Q. In regard to the intrastate carriage which you have indicated as having interstate rights, would a portion of their business be the receipt of exchange freight from the south, for distribution in Pennsylvania?

A. Some of it would be; yes.

Q. So far as your interstate business is concerned, and by that I mean traffic originating in Pennsylvania points moving to New

Jersey and New York, are Barnwell and Horton authorized to pick that up and carry it to destination from the Pennsylvania points?

A. Yes; but not by way of New York.

Q. They are restricted in some way there?

A. Well, they operate, say, from Baltimore up through York, Pennsylvania, then Harrisburg, up route No. 11, all the way through to Scranton.

Q. Do they not have other route in the eastern section of Pennsylvania?

A. Barnwell has a route between New York, as I said, and Easton, Allentown, Bethlehem, Reading, and Harrisburg, and then they go south from there, down through Lancaster, and York.

1269 Q. Their movements are not particularly northward when they get into that eastern part of your territory?

A. No; the movements we handle from them are directly to the south, through Pennsylvania up into New England—not through New York or New Jersey.

Q. Referring to the chart maps in Exhibit No. 19, will you state whether or not the actual operations of the carriers indicated by numbers on these routes indicate that they do pick-up and deliver freight between the points indicated on the chart?

A. That is correct.

Q. In any case, is the information based upon application only of the carriers to the Commission?

A. Well, as I stated before, in this list that I have made here, I have only named what we know to be our known competition; so therefore it is from actual contact with that in competition that that is placed in there.

Q. And the exhibit classifies Carrier No. 81, the Interstate Motor Freight System, and Carrier No. 84, the Keeshin Motor Express, as Class A, which, according to the footnote, means that they are nonactive competitors?

A. Correct.

Q. Referring to your charts, what do they show as to the operations of Carrier No. 84, the Keeshin Motor Express?

A. Carrier No. 84, Keeshin Motor Express, would indicate only from Binghamton to New York.

1270 Q. Is it within your personal knowledge that they pick-up freight in Binghamton for New York City?

A. Yes, sir. In fact, we were situated in their particular terminal in Binghamton prior to going into our own terminal.

Q. Do you have extensive operation from Binghamton to New York?

A. No; not extensive. I would say it is about two trucks a night; that is all.

Q. That is the extent of the competition of Keeshin?

A. That is correct.

Q. And that is the only route upon which they are shown here?

A. Yes, sir.

Q. Referring to the other carrier I mentioned, No. 81, the Interstate Motor Freight System, will you state the nature of the operations of the Interstate between Allentown and New York City?

A. The Interstate Motor Freight System runs from New York City via U. S. Highway No. 1 and 22 to Phillipsburg, New Jersey, over U. S. Highway No. 22, through Phillipsburg, Easton, Bethlehem, Allentown, and Reading, then down U. S. Route No. 22 to Ephrata, Pennsylvania. That is as far as we are interested. Now, from Reading, Pennsylvania, to Harrisburg, Pennsylvania, they will also operate over Route No. 422, which is in direct competition with us.

1217 Q. At what points do they maintain terminals?

A. They do not maintain any terminals. They pull into carriers' terminals and drop off freight for distribution. They have other carriers pick up for them, and as they come through, they relieve them of that freight.

Q. What would be the general direction of their traffic, then?

A. The traffic would be either eastbound from Pennsylvania points, or westbound from Pennsylvania points to points in Ohio and Michigan.

Q. Do you know of your own personal knowledge that they have considerable operations from Pennsylvania points east, so far as freight originating in those Pennsylvania points is concerned?

A. No; I would not say that their freight originating from the east is very heavy. I would say that they do originate freight going westbound to a greater extent.

Q. In that regard they would not be competitive with Arrow, would they?

A. Oh, yes; certainly.

Q. Freight going westbound out of the territory?

A. When I said "westbound," I meant from New York, N. Y.

Q. Oh, I am sorry. I misunderstood you. Referring to carrier No. 79, the Interstate Magazine Hauling Corporation, do you know whether or not this carrier carries magazines, newspapers, and movie films, and the like?

1272 A. The Interstate Magazine Hauling Corporation was just issued an order by Division No. 5, granting them general

commodity rights between New York, Scranton, Wilkes-Barre, and Pittston, Pennsylvania.

Q. My question was directed to your personal knowledge of their actual operations.

A. Well, all I know is that they haul magazines, newspapers and periodicals, as well as wax and syrups, from the New York area to Pennsylvania, and the only commodity I know that they are hauling back is newspaper supplements from the International Coloring and Printing Company of Parsons, Pennsylvania.

Q. Is there any carrier operating over practically the same territory as the Arrow Carrier Corporation?

A. Oh, yes. I would say the largest carrier among them would be the Richards Motor Freight Lines of Scranton, Pennsylvania.

Q. Are there any in that group with gross revenues equal to those of Arrow Carrier Corporation?

A. Well, I would not know just what the operating revenue of the company is exactly.

Q. You were referring to Arrow when you said that?

A. Yes.

MR. JOSELOFF. Excuse me. May I get this straight for the record? Did I understand you to say that you know the operating revenue of Arrow, but you do not know it of the other companies that Mr. MacDonald asked you about.

1273 THE WITNESS. He did not ask me that question. He asked me whether or not there are any carriers in that group that had the operating revenue of the Arrow Carrier—equal to the operating revenue of the Arrow Carrier.

By MR. MACDONALD:

Q. I believe your answer indicated that you did not know the operating revenue of Arrow.

A. I did not know the exact operating revenue of Arrow Carrier; so, therefore, I didn't say—

MR. MACDONALD. I think that shows on the record, Mr. Joseloff.

MR. JOSELOFF. I just wanted to get it clear, so that I understood his answer.

By MR. MACDONALD:

Q. In that group of carriers operating in about the same territory, are there any which are largely special commodity haulers?

A. Well, outside of the ones that I mentioned, I have not included those special commodity haulers in the exhibit.

Q. You do not consider the Interstate Magazine Hauling Corporation as a special commodity hauler?

A. No; I do not, not under its present rights.

Q. I believe you base your evidence as to this exhibit on your own personal knowledge of the operations of these carriers; do you not?

A. Much of it is, yes.

Q. But there are some cases where it is drawn from the 1274 records of the Commission?

A. That is correct.

Q. And in those cases it might be based on applications rather than certificate?

A. Well, I will say applications wherein the operations are still effective.

Q. In other words, you mean you know that they are actually operating over the territory they claim to be operating over?

A. That is right, sir.

Q. In those cases, too, you mean you know of your own actual knowledge that they are operating?

A. To some extent, I know as general knowledge. I don't know as to actual point to point transportation.

Q. As to your testimony in regard to this exhibit devoted to the existence of competition with the Arrow Carrier Corporation only?

A. That is correct.

Mr. MACDONALD. Mr. Examiner, before concluding my cross-examination, I would like to offer counsel an opportunity to amend the description of this exhibit, which reads "Exhibit of principal motor common carriers operating in competition with Arrow Carrier Corporation and other common carriers composing a part of Associated Transport, Inc." which is misleading, on the ground 1275 that it does not relate to the other motor carriers, and they are as yet not a part of Associated Transport, Inc.

Mr. SULLIVAN. I think we are willing to stand on that description as is.

Exam. BAKER. I believe the witness has testified that certain of the other carriers are, to a small degree, operating in the same territory as Arrow, such as Barnwell and Moran Transportation Lines. I think the explanation in the record is sufficient.

By Mr. MACDONALD:

Q. You mentioned some competition, Mr. Duffy, in regard to railroads. Would you say that, as a general rule, railroads are competitive with truck, motor truck carriage, on the price, the cost per shipment?

A. Oh, yes.

Q. Or in service, keeping in mind the time element?

A. Not in all cases. For instance, we have Pennsylvania Railroad service and Lehigh Valley Railroad service from Wilkes-Barre to New York overnight, which is competitive with truck.

Q. That includes door-to-door delivery?

A. Yes, sir; where the rate is 45 cents a hundred or more.

Q. In other words, there has to be a quantity limitation?

A. No; it has to be a railroad rate of 45 cents a hundred or more.

Q. That refers to the class of goods?

A. That is correct.

1275 Q. So far as interstate business is concerned, I believe you testified that there was, with the exception of two routes, no competition between this Arrow Carrier Corporation and others of the lines concerned in this application?

A. That is correct, sir.

Q. Is that true as to business moving south from points in Pennsylvania through which Horton, Barnwell and Southeastern pass, to points of destination in the south?

A. Ask the question again. Clear it up for me.

Mr. MACDONALD. I will ask the reporter to read it.

Exam. BAKER. Will you read the question, please, Mr. Reporter?

(Question read.)

Mr. JOSELOFF. I think, perhaps, if you will read the preliminary question, Mr. Reporter, it would tend to clarify it.

Exam. BAKER. Yes.

Mr. JOSELOFF. The question before that.

(The reporter read as follows: "Q. So far as interstate business is concerned, I believe you testified that there was, with the exception of two routes, no competition between this Arrow Carrier Corporation and others of the lines concerned in this application? "A. That is correct, sir. "Q. Is that true as to

1277 business moving south from points in Pennsylvania through which Horton, Barnwell and Southeastern pass, to points of destination in the south?")

A. That is not true, for the simple reason that we do not compete with either Horton or Barnwell for traffic for the south.

By Mr. MACDONALD:

Q. You do not expect traffic originating in eastern Pennsylvania points destined to the south to be transferred on an exchange basis?

A. We merely perform a local pickup and delivery service for Barnwell Brothers at three terminals in the state of Pennsylvania.

Q. So far as interstate routes are concerned, then, the Arrow Carrier Corporation will add nothing to this unification; will it?

A. Well, Arrow Carrier could add considerable to the unification by consolidating the Barnwell and Horton freight through the Arrow terminals at these various terminal points, thus performing at particular terminals what is performed by the two carriers.

Q. In other words, it has to do with the service feature, rather than the route feature; it is local service to eastern Pennsylvania, rather than in any continuation of interstate routes; is it not?

A. Well, let me clear this up. Just let me clear it my way, if you will. What I mean by my explanation is that Horton comes from the south, and Barnwell comes from the south, 1278 into our particular territory over the same route. At the same points where Horton may maintain a terminal of his own, Barnwell operates into our terminal. Now, one carrier could operate north instead of two, and instead of another carrier having terminals of their own, it all could be worked, pick-up and delivery could be worked right out of our own particular terminals. That would be adding to the economy.

Q. Then, would you say that essentially the value of Arrow to this merger is in its intrastate routes and the terminal facilities which it will make available to the other lines in the merger?

A. No; I go further than that. I might also add that it would serve both of those companies where their operations in the south were worked through New Jersey into New York.

Q. In what way?

A. By having a continuation of the movement over our lines to Pennsylvania, the eastern part of the state of Pennsylvania.

Q. What would happen to the freight when it arrived there?

A. It would be distributed through our eastern terminals.

Q. Intrastate in Pennsylvania, and to whatever local station in New Jersey or nearby?

A. That is correct.

Q. So that essentially it is a distribution system in its position in this merger?

A. I don't know what its position is, sir. I don't want 1279 to go so far as to take the initiative by stating that, but

I do see where the Arrow Carrier Corporation in the picture could save a considerable amount of operation expense. Further than that, I don't know anything more about it.

Exam. BAKER. Mr Duffy, are all of Arrow's interstate operating rights duplicated by the rights of Horton or Barnwell?

The WITNESS. No, sir.

Exam. BAKER. Do you have many routes over which neither of those companies operates?

The WITNESS. We have routes over which neither of those companies operates, and they have, in turn, routes which we don't operate.

Exam. BAKER. I just wanted to clarify that point.

The WITNESS. Yes, sir.

Mr. MACDONALD. That is all I have, Mr. Examiner.

Exam. BAKER. Is there any further cross-examination? Have you any further questions for the applicant?

Redirect examination by Mr. JOSELOFF:

Q. I just want to ask you if you know approximately the operating revenue of Arrow.

A. I understand it is about \$1,500,000.

Q. But you do not know the exact amount?

A. No; I don't know the exact figure.

Q. That is \$1,500,000 per year?

1280 A. Yes, sir.

Mr. JOSELOFF. That is all. I just wanted to clear that point.

Exam. BAKER. The witness is excused.

(Witness excused.)

Mr. JOSELOFF. Mr. Examiner, during the testimony of Mr. Arbour on competition in New England, you made a request of him that he submit a statement giving the names of the carriers operating between specific points, and on which Mr. Arbour stated the total revenues for clarification of the record. Mr. Arbour gave that testimony in his direct examination; for example, that there were so many carriers operating between Boston, Mass., and North Adams, Mass., with total revenues of so many dollars.

Exam. BAKER. Yes; I recall that.

Mr. JOSELOFF. You asked for a statement, and I have it here, for clarification of the record, and would like to submit it at this time. I think it breaks it down in accordance with the desires of all parties. I do not know whether to merely submit it as a statement as requested, or perhaps it would facilitate matters by offering it as an exhibit. Either way would be satisfactory to the applicant.

Exam. BAKER. Since Mr. Arbour is here, it would be preferable if he would resume the stand, I believe, and identify the statement as being in support of his testimony.

1281 Mr. JOSELOFF. Take the stand, Mr. Arbour.

Exam. BAKER. Do you wish this marked for identification?

Mr. JOSELOFF. Yes, please.

Exam. BAKER. The document entitled "List of Class I common carriers of general commodities maintaining service between representative points as indicated," et cetera, will be marked for identification as "Applicant's Exhibit No. 20."

(Exhibit No. 20, marked for identification.)

Mr. JOSELOFF. If I may go back to the previous exhibit for one moment, I ask that it be introduced as Applicant's Exhibit No. 19.

Mr. MACDONALD. We make the customary objection, Mr. Examiner, that the exhibit does not show all the facts it purports to show, and indicates certain other facts which are not based upon evidence or facts, and that, as a whole, it is incomplete and misleading.

Exam. BAKER. Your objection will be overruled. Applicant's Exhibit No. 19 will be received in evidence.

(Exhibit No. 19, Witness Duffy, received in evidence.)

EVERETT J. ARBOUR, was recalled to the stand and testified as follows:

Direct examination (resumed) by **Mr. JOSELOFF**:

Q. Mr. Arbour, pursuant to the request of the Examiner, 1282 in accordance with your direct testimony on the total operating revenues of carriers operating between Boston, Mass., and various other towns, did you cause to be prepared this exhibit, entitled "List of Class I common carriers of general commodities maintaining service between representative points as indicated within the same area as served by Consolidated Motor Lines, Incorporated, and McCarthy Freight System, Incorporated"?

A. I did.

Q. Would you state from what sources this information has been obtained?

A. From the files of the Commission.

Mr. JOSELOFF. Those are all the questions I have.

Mr. WIPRUD. May I inquire, Mr. Examiner?

Exam. BAKER. You may.

Cross-examination (resumed) by **Mr. WIPRUD**:

Q. Mr. Arbour, take column No. 2 of your exhibit, "total operating revenue," for the year shown for the A. B. & C. Motor Transportation Company, Inc., \$407,224. are we to understand that that represents the amount of operating revenue between the points shown on the exhibit?

A. No; that is the operating revenue as shown in the Interstate Commerce Commission files for the total operation of Interstate from their annual reports.

Q. And that is also true of the other carriers listed on the exhibit?

1283 A. That is right.

Q. There has been no effort at all to break down the operating revenue to show the amount as to the points which are given upon the exhibit?

A. I do not know of any way you could do that, unless you went right to the companies themselves.

Q. And these figures here also include operations of companies listed in the area other than the area involved in the proposed unification?

A. Yes.

Mr. WIPRUD. Those are all the questions we have.

Exam. BAKER. Do you have any further questions?

Mr. JOSELOFF. No; I would like to offer this as an exhibit.

Mr. WIPRUD. We have the same objection to this exhibit that we had in regard to the testimony of this witness on the other exhibit, and that is that the information shown thereon is misleading, and does not purport to show the amount of operating revenue of these carriers between the points shown on the exhibit.

Mr. JOSELOFF. And I have the same answer as I have previously made, that the information is not misleading, but has been clarified, and the objection really goes to the weight and not to the admissibility.

Exam. BAKER. I believe the Commission is competent to
1284 assess the appropriate weight to the evidence. The Exhibit will be received in evidence.

(Exhibit No. 20, Witness Arbour, received in evidence.)

Exam. BAKER. For Arbour, there is one matter that I wanted to ask you about, if you will bear with me for a moment.

The WITNESS. Certainly.

Exam. BAKER. Statement No. 4120, which is a publication of the Bureau of Statistics of the Interstate Commerce Commission, lists certain carriers in the New England region, showing data with respect to the miles of regular routes operated by those carriers. This information was compiled from annual reports of motor carriers concerned. I notice that under Consolidated Motor Lines, Inc., it is indicated that it operates over 227,313 route miles, whereas, the McCarthy Freight System, Inc., is indicated as operating over 11,600 miles. In view of the great difference in those figures, as indicated, I wonder if you can state upon what basis you computed the figure of 227,000 route miles for Consolidated.

The WITNESS. Well, Mr. Examiner, the first time I saw that report was last Saturday, and I noticed that, and I asked Mr. Scott to verify it. He went back to Hartford this morning, and

I believe he is verifying it and sending the information to

1285 Mr. Sullivan; so I don't know what the answer is.

Mr. SULLIVAN. I have an explanation, Mr. Examiner.

Exam. BAKER. I would appreciate counsel giving the explanation, if he has it.

Mr. SULLIVAN. The explanation is this, that the Consolidated Motor Lines, in making out their annual report, because as to their understanding of what the request of the Commission is in its instructions with respect to annual reports, reported a thousand routes—it is somewhere between a thousand and eleven hundred routes, as being the number of routes it operates, and that was reached in this fashion. Let us take Boston, Providence, Hartford, New York. I will take those as an example. They reduced Boston to New York as a route, Providence to New York as a route, and Hartford to New York as a route, even though Providence and Hartford were intermediate points on the Boston to New York route. Likewise, every little town along that route would be listed as a separate route in compiling the mileage. They start in Boston. Boston to New York is "X" number of miles. They then move to the next nearest town to New York out of Boston, and that town to New York is "Y" number of miles, being, maybe, 10 miles less than the Boston to New York route, and so on down the line, they had it from all their points, and at some points they

have two or three alternative routes; so those route miles are
1286 all set in as different routes, with the result that we find a grand total of a thousand and some routes, with mileages; for the Boston to New York route alone, I think they ran into fifty or sixty thousand. Mr. Scott has checked the total on his 1939 report.

The explanation then moves on to the McCarthy Freight System. They have some duplicate mileage because of alternate routes, but that is not done in the same fashion as Consolidated. Among the various carriers whose mileages are set forth in that report, that are within this group, I find that no two carriers have answered that question in substantially the same fashion.

Exam. BAKER. Thank you, Mr. Sullivan. I believe that is sufficient. You may be excused, Mr. Arbour.

(Witness excused.)

Mr. COCHRAN. I would like to ask Mr. Lawson one or two questions, if I may.

Exam. BAKER. Very well.

Mr. COCHRAN. Mr. LAWSON.

J. D. LAWSON, was called to the stand and testified as follows.

Direct examination by Mr. COCHRAN:

Q. You have been previously sworn?

A. Yes, sir.

1287 Q. State, if you can, Mr. Lawson, the percentage of freight movement over Horton Motor Lines on the so-called long haul east-south movement on the one hand, and the east-west short haul or local movement on the other.

A. For the month of July 1941, the company transported 28,300 tons of traffic, of which 62 per cent was what is commonly known as the east-south or interterritorial traffic. Thirty-eight per cent of that figure was what is known as intraterritorial or local traffic. By that, I mean it was moving between points on our line in the Middle Atlantic or Eastern Trunk Line territory or in the Southern territory, as those territories are defined by the Interstate Commerce Commission.

I might also add that possibly one or two per cent of that is represented as traffic moving between the south and the Pittsburgh area, which would ordinarily be considered as interterritorial traffic, but which we consider, for the purpose of showing the information here, as local business. It is not competitive with any of the carriers involved here.

Q. Will you explain that last statement?

A. It is not competitive to the extent that none of the carriers involved in this application, and none, to my information or knowledge as far as competitive carriers reflected by the exhibits previously introduced by me, operate between the Southern territory and Pittsburgh in competition with our lines.

1288 Q. Have you any other statement you wish to make on that, Mr. Lawson?

A. I have not, sir.

Mr. COCHRAN. That is all.

Exam. BAKER. Is there any cross-examination?

Mr. MACDONALD. Yes, sir.

Cross-examination by Mr. MACDONALD:

Q. Would you say that the month of July is a representative period to be used as a basis for ascertaining these percentages?

A. I guess it would, under present conditions, sir; so it may not ordinarily; that is, during ordinary times in the movement of traffic, that month might be light. Usually, the traffic is rather even. I think it is. It is the latest information, however, that was available to me for this particular hearing.

Q. Do you think that the percentage of the figures would be the same for a six-month period?

A. Approximately; yes.

Q. During the fall of the year, too?

A. Yes; I would say so, that it would be fairly representative and approximately the same.

Q. Is July a month in which textiles are moving in great quantity from the south to the north?

A. Well, at the present time that is true; yes.

1289 Q. That is, July of this year?

A. Yes, sir.

Q. Can you state what percentage or what proportion of that 62 per cent east-south movement is exchanged at the northern end, or is exchanged or received at the northern end?

A. No; I cannot. I did not break down the information. It was only gathered to reflect the amount of tonnage offered our line.

Q. You have such figures available?

A. I have not such figures available here. Of course, they are available; yes.

Q. They can be ascertained?

A. Yes; there will be a record of the interchange traffic.

Q. Will you state, if you know, whether most carriers keep such records?

A. Do you mean as to—

Q. The percentage of interchange traffic and how it moves.

A. Well, I can only say that I know there are carriers that keep interchange records, and it seems to me they could ascertain the percentages of business, if they made an appropriate computation, but I do not know; I couldn't say; I couldn't tell you which carriers might have such data.

Q. Do the books of your company indicate which carriers are used in exchange of lading and the proportion of the tonnage that each one gets?

1290 A. Yes. Do you mean by proportion of the tonnage, the amount of business?

Q. The amount of business that each one receives.

A. Yes, sir.

Q. Can you state as to the 38 per cent interterritorial approximately what amount of this is two-carrier or more than one-carrier lading?

A. No; I could not, because that information was not developed in that manner.

Mr. MACDONALD. That is all I have, Mr. Examiner.

Mr. COCHRAN. I have just one question.

Mr. MILLER. I would like to ask one question. May I go ahead?

Mr. COCHRAN. Surely.

By Mr. MILLER:

Q. Mr. Lawson, could you give us the break-down as to this 38 per cent, showing how much of it was in Eastern territory and how much of it was in what you call Southern territory?

A. My recollection is that it is about evenly divided. It may be 20 and 18.

Mr. MILLER. That is all.

Exam. BAKER. 20 is which?

The WITNESS. The Eastern, and 18 is the South.

Redirect examination by Mr. COCHRAN:

1291 Q. Mr. Lawson, state, if you know, the approximate percentage of interchange freight of the Horton Motor Lines over any given period that you may have in mind.

A. I don't know.

Q. I do not expect you to state it exactly, but approximately.

A. I don't know what it was for the month of July.

Q. I said any period of time, if you know. If you do not know, say so, and that is all. If you do not have the exact information, will you give an approximate figure?

A. I am trying to recall the data on that. I think it is something around, including all types of carriers, pick-up and delivery, what we call pick-up and delivery, in terminal areas, between 35 and 40 percent.

Mr. COCHRAN. That is all.

Exam. BAKER. Are there any further questions of this witness? The witness is excused.

(Witness excused.)

Mr. SULLIVAN. That concludes the witnesses for the applicant. Mr. Examiner. We would like—we can check the mathematical calculation—to wait a little while before making an amendment to the 22 application as to the total number of shares, so if we can do that a little later, we would like to reserve the privilege.

Exam. BAKER. It is understood, though, is it not, that you will request an appropriate amendment to issue common
1292 stock in conversion of the preferred stock?

Mr. SULLIVAN. That is right. We simply wanted to check the mathematics back against it.

Exam. BAKER. Very well.

Mr. SULLIVAN. Mr. Examiner, I have here a communication from Mr. W. J. Williamson, general traffic manager of Sears, Roebuck & Company. It is addressed to the Interstate Commerce Commission, and is in the nature of an expression of his opinion with respect to this matter and in the form of supporting the contentions of the applicant. I realize that it is not proper to offer it in evidence, but because it is addressed to the Commission I tender it to the Examiner for such disposition of it as he feels proper under the circumstances.

Exam. BAKER. I would prefer that you tender that to the Section of Mails and Files, or some officer of the Commission. I do not feel that it is any part of this hearing. I could not receive it in evidence.

Mr. SULLIVAN. I appreciate that, because it is apparently the intention of Mr. Williamson, in forwarding it to us, that we could do something of that sort. I am merely carrying out the wishes of the author, and I realize that we must do precisely as you suggest.

Exam. BAKER. I suggest that you turn it over to some officer who is not concerned directly with these proceedings.

Mr. SULLIVAN. We will do that, now that I have taken 1293 care of it as far as his wishes are concerned.

Exam. BAKER. Before proceeding with any interveners, I would like to request that the applicant furnish a statement in Exhibit form, setting forth the following:

First, the number of regular route miles over which each of the eight carriers involved in the proposed unification operates.

Second, the aggregate number of regular route miles over which applicant would operate after consolidation of the operating rights of such carriers, and elimination of duplication.

Is that clear?

Mr. SULLIVAN. I think so, with one exception, at least to me, and that is in dealing with the regular miles, route miles, you do not mean to refer to the form in which their certificates may be issued. You want the actual miles covered by the operations of the companies?

Exam. BAKER. Highway miles.

Mr. SULLIVAN. Highway miles; so that wherever there is a duplication in the form of separate routes granted in a certificate of a particular company, that is to be eliminated in this schedule?

Exam. BAKER. That is correct. Prior to the close of the hearing, I will fix the date for the furnishing of any additional information that may be requested. It is not expected that you 1294 will furnish that prior to the close of the hearing. In case you do have it, of course, it will be received.

Mr. SULLIVAN. We will be able to supply that practically immediately.

Exam. BAKER. There are a few things that I feel it would be helpful to get a stipulation on. With respect to the annual reports of certain motor carriers, may it be stipulated that the parties and the Commission may refer to all annual reports by motor carriers, including those involved in this proceeding? may be helpful for comparative purposes comparing, for instance,

certain other large motor carriers' operations with the proposed operation.

Mr. SULLIVAN. The applicant will so stipulate.

Mr. WIPRUD. That is agreeable.

Exam. BAKER. Is that agreeable to all parties? Let the record so show. May it also be stipulated that certain statistical publications of the Commission concerning motor carriers may be similarly referred to; namely, statement No. 4120, entitled "Statistics of Class I motor carriers for the year ended December 31, 1939," and, secondly, statement No. Q-800, for the calendar year 1940, entitled "Revenues, expenses, and statistics of Class I motor carriers' property." May it be so stipulated?

Mr. SULLIVAN. The applicant will so stipulate.

1295 Mr. WIPRUD. That is agreeable.

Exam. BAKER. Let the record so show, that all parties present agree to the stipulation suggested. I understand the applicant now rests?

Mr. SULLIVAN. The applicant rests.

Exam. BAKER. Mr. Miller, do you have your witnesses available at this time?

Mr. MILLER. I think so.

Exam. BAKER. Well, before you begin with your witnesses, I suggest we take a recess for 10 minutes. (A short recess was taken.)

1296 Exam. BAKER. Come to order, gentlemen. You may proceed, Mr. Miller.

Mr. MILLER. Mr. Examiner, before presenting any of my witnesses, I believe it might be well for me to make a statement as to the purpose for which their testimony is offered. You will recall that our intervention in this matter was for the purpose of protecting our interest wherever it might appear. We specifically stated that our position was not to either sponsor or oppose the application.

Primerily, this application is to be determined on whether or not the proposed unification, is consistent with the public interest and whether or not the unification will unduly restrain competition. In order to make a proper determination of these issues, we believe that it is essential that the record show the effect which this unification will have on other carriers. I believe that the witnesses I am offering can assist the Commission in making that determination. I want it understood that our original position in this matter as an intervenor is not being changed; our purpose is still to protect our interest wherever it appears.

My clients are "rugged individualists" exactly like the clients of applicant. I do not believe that any of my clients will testify

that the proposed unification will put them out of business.
1297 They possess an enormous amount of "intestinal fortitude" and while they may be apprehensive as to the result which this merger will have on their business, they are aggressive and have never asked for quarter in a competitive fight. As to whether such a competitive fight will be in the public interest is a matter which your Commission can best determine. It may be that some of the testimony my witnesses may offer may support the application and for that I am not embarrassed. I feel the Commission is entitled to all the facts and I offer them for that purpose.

Mr. SULLIVAN. I may say, on behalf of the applicant, in view of the very fair statement of counsel with reference to his intervention for the purpose that he states, that if the testimony is given in that light, we feel it will be helpful to the Commission, as well as to the applicant.

Exam. BAKER. You may call your first witness.

Mr. MILLER. It will be Mr. Dempsey.

J. B. DEMPSEY, being first duly sworn, testified as follows.

Direct examination by Mr. MILLER:

Q. Will you please state your name and address?

A. I am J. B. Dempsey, 212 First National Bank Building, Kingsboro, Tennessee.

Q. You are the same person of that name as named in the intervention here for 22 carriers, approximately?

1298 A. Yes.

Q. And is your testimony going to be on behalf of those carriers for whom we have an intervention?

A. On behalf of those carriers for whom we have entered intervention, except those who are here to speak for themselves, and I understand there will be some to testify.

Exam. BAKER. Perhaps you had better be explicit, Mr. Dempsey, as to the exceptions.

Mr. MILLER. They will be offered as witnesses subsequently.

Mr. SULLIVAN. Who—the exceptions?

Mr. MILLER. Yes; they are here.

Exam. BAKER. Very well. With that understanding, the record will be clear, I believe.

By Mr. MILLER:

Q. Mr. Dempsey, what is your position with the company that you are connected with?

A. General traffic manager of Mason & Dixon Line.

Q. You are also a director of that company?

A. Yes.

Q. How long have you been general manager and a director of the Mason & Dixon Lines?

A. Approximately six years.

Q. General traffic manager of the Mason & Dixon Lines? Approximately how long have you been general traffic manager of the Mason & Dixon Lines?

A. Approximately that long. I may have my dates 1299 wrong, but since January 15, 1937.

Q. Prior to that time, what was your occupation?

A. Publishing agent, just prior to that time, of the Southern Motor Carriers Rate Conference at Atlanta, Georgia.

Q. What are your duties with reference to your present occupation?

A. My duties are those duties of a traffic manager, as well as many others.

Q. How long have the Mason & Dixon Lines been engaged in business?

A. Since about 1932.

Q. What was the character of business; what commodities do they transport?

A. A common carrier in the transportation of commodities generally, with those exceptions that are indicated in our application on Docket 59583, which runs to high explosives, et cetera.

Q. Where does your company operate generally?

A. They operate from New York City to Atlanta, Georgia, and from New York and between Charlotte, North Carolina, and intermediate points, through the gateway of Asheville; also Lynchburg, Danville, Greensboro, High Point, on into Charlotte, straight down from New York over various highways into Atlanta, Georgia, including such points as Knoxville, Chattanooga, Rome, Dalton, and points over on 11 (e), such as 1300 Morristown, Greenville, and so forth and so on.

Q. Are you generally familiar with what is involved in this proceeding?

A. Yes.

Q. Are you familiar with the operations in a general way, especially insofar as competition is concerned, of Barnwell Brothers, Horton Motor Lines, and Southeastern Motor Lines between the east and the south?

A. Yes.

Q. Likewise, are you familiar in a general way with the operations of the other carriers proposed to be merged in the Associate Transport?

A. Yes.

Q. In the conduct of your business, have you become acquainted with the competitive situation with respect to the business of your company?

A. Yes, indeed.

Q. Does your company engage in the interchange of freight with other common carriers?

A. To the extent of approximately 225 connecting carriers.

Exam. BAKER. What was that figure?

The WITNESS. Approximately 225. I am sorry I do not have the exact number before me.

Exam. BAKER. 225 carrier?

The WITNESS. Yes.

1301

By Mr. MILLER:

Q. What percentage would you estimate of your company's total is in interchange with other companies?

A. In the south, interchange with, and what I mean by that, is delivered to approximately three to one received from. That is, the tonnage our connections deliver to us, approximately two to one. In the east it will run approximately the same.

Q. By three to one delivered to other carriers, just what do you mean?

A. What I mean by that is this, that we interchange with them approximately three pounds to every pound they do with us, or, in the reverse direction, it is about two to one that we get from them, that they deliver to us.

Q. That is still not very clear. By three to one, do you mean three out of four shipments that the company handles are interchange?

A. I am speaking of pounds.

Q. Three out of every four pounds are interchanged?

A. That is right. The point I am trying to make is this, that the greater portion of our business is interchange business.

Exam. BAKER. I am not sure that I understand this very well. I gather that so far as your interchange business is concerned, in connection with the rate, you have three to one that you
1302 deliver to the interchange carrier three times as much freight as—

The WITNESS. As we get from them.

Exam. BAKER. Yes; but Mr. Miller's original question was, of the total volume of business handled by Mason & Dixon Lines, what percentage of that business is interchanged. Can you state that?

The WITNESS. I am very sorry, I don't have those figures with me, but I will say that our interchange business, both delivered to

and received from, will be three to one, as compared with the business that we originated locally. Perhaps that explains it better.

Mr. SULLIVAN. I wonder if I might ask one question to clear this up in my mind, so that I will not have to touch on it in cross-examination, and maybe everybody will understand it.

Mr. MILLER. I agree.

Mr. SULLIVAN. Are we to understand from what you say that, assuming you have four pounds of freight, three pounds of those four pounds will be interchange business, and that one pound of the four will be handled one hundred per cent over your own lines?

The WITNESS. That is it exactly.

Mr. SULLIVAN. Thank you.

The WITNESS. I am sorry I could not make myself clear to you, because I did not have the figures to do it with, but 1303 that is it.

By Mr. MILLER:

Q. Generally, does your company consider such interchange traffic desirable?

A. Well, it has to be desirable. In some places it is more desirable than ~~others~~, but in order to serve the public we have to take care of that vast territory in interchanging traffic, whether we like it or not.

Q. Some of the traffic is profitable, and some of it is not.

A. A good bit of it is profitable. It has given us some business.

Q. What are your company's principal points of interchange?

A. I think it might be well to divide them as between the east and the south. Beginning with the east, New York is one of our largest interchange points, and within the New York district. As we come on down through Pennsylvania, we do quite a bit of interchange at Allentown, Scranton, and Reading, and so forth. Our main points would be Philadelphia, Wilmington, and Baltimore, with some at Washington. Then we move on down south to Winchester, Roanoke, some at Bristol; then we hit the deep south, and we begin interchanging at Knoxville, Chattanooga, and some at Rome.

Exam. BAKER. Is that Rome, Georgia?

The WITNESS. Rome, Georgia, and a very great interchange at Atlanta. Then we move over into Carolina, a considerable interchange business at Charlotte, High Point, and Asheville.

1304 By Mr. MILLER:

Q. From your experience, Mr. Dempsey, in the trucking industry, and especially with reference to your experience and knowledge of motor freight interchange, what do you believe the

result of the proposed unification of the carriers involved in this proceeding will be upon those companies' present existing interchange with other carriers?

Mr. SULLIVAN. I think the question is rather too broad, in view of the qualifications of the witness shown here, but I do not want to interfere with the questions.

The WITNESS. Mr. Examiner, I can answer that in—

Mr. SULLIVAN. I do not doubt that you can answer it, but I mean I am not in a position to know just what we are driving at from the question. I do not like to object.

Exam. BAKER. Mr. Reporter, will you read the question?

(Question read.)

Mr. SULLIVAN. That might be anybody in the United States. That is what is getting me. I believe it is a little indefinite. It is to me.

Mr. MILLER. Change the last part "with other carriers" to "with the Mason & Dixon Lines."

Exam. BAKER. Suppose you restate your question, then.

Mr. MILLER. If you prefer, I will lay another foundation.

Exam. BAKER. I beg your pardon?

Mr. MILLER. If you prefer, I will come back to this.

Exam. BAKER. The main thing, to my mind, is the meaning of your question. I believe that you stated in connection with your last indication, it may meet the objection.

By Mr. MILLER:

Q. Mr. Dempsey, what do you believe the result of the proposed unification of the carriers in this proceeding will be upon the company you represent?

A. I am very glad you put it that way, because I can say this with respect to the Mason & Dixon Lines: We interchange considerable traffic with Consolidated Motor Lines at both New York and Philadelphia. If this consolidation comes about, very naturally it stands to reason that we will not be getting a very large percentage of that traffic, and that is for this reason, that through the eight carriers involved in this consolidation, they will find means of getting that traffic to or from its destination by using one or the other members of that consolidation. Now, I am speaking only of the east. Let us move down into the south.

There is one other member of this consolidation, namely, Transportation, Inc. We do considerable interchange with them into the deep south. I am now speaking of Atlanta, Georgia. They, through their recent purchase, some months ago, of what is commonly known as the M. & A., serve a good many plants located within the deep south. We will take, for instance, Pascagoula, Alabama, Mobile, and on to New Orleans. Our tonnage

1306 interchange with that particular carrier in the south is considerable. It stands to reason that we are going to lose that, and if you will permit me to move on up to Knoxville, where we do a considerable interchange business with that particular carrier, Transportation, Inc., they serve Alcoa, Tennessee, the Aluminum Company of America. We have always worked with them in the interchange of that vital defense traffic at Knoxville, and our interchange tonnage at that point is considerable. If this consolidation comes about, they will then have a unified system that they can move it over Southeastern out of Knoxville on east, or even, if they prefer, they can trot it back across the mountains of North Carolina, and move it through that gateway, but, in any event, we lose the business.

Q. Mr. Dempsey, would you look with favor upon interchanging freight with a carrier which that interchange carrier could handle direct from origin to destination?

A. May I ask that that question be stated again?

Q. Would your company look with favor upon interchanging freight with a carrier which that carrier could handle direct from origin to destination?

A. I don't think that I can recall any instance where we have been favored with any of that kind of business.

Q. I do not believe you get the point. Does your company look with favor upon interchanging traffic with its competitors?

1307 A. Well, certainly. We interchange traffic every day with competitors.

Q. Operating from origin to destination?

A. Oh, yes; very often. We always do, especially in the case of bill of lading routings.

Q. Are you familiar with the general custom followed by motor carriers with respect to the interchange of unrouted traffic?

A. Yes; I think I am.

Q. Will you explain further what the carriers usually do with such traffic that is unrouted in picking out their connecting line?

A. They give it to their preferred connections.

Q. And by "preferred connections," what do you mean?

A. By "preferred connections" I mean those lines that they may have found it the best policy for them to line up with to hold the traffic, by paying them divisions, or what not—mostly divisions.

Mr. SULLIVAN. Do you mean divisions of the revenue?

The WITNESS. Yes; and since you asked me that question, may I go on and elaborate a little on that? In this consolidation case, it stands to reason that the divisions of revenue are going to enter into it in a very vast way, that these carriers today may be scrap-

ping among themselves over divisions, but when this comes about, that will be all healed, and we boys on the outside will take a licking.

1308

By Mr. MILLER:

Q. Is routed traffic sometimes diverted to a favored connection?

A. State that again.

Q. Is routed traffic sometimes diverted to a favored connection?

A. Only in cases where service enters into it, as far as the Mason & Dixon Lines are concerned. If I get your question correctly, if it is routed and we see that we can get quicker service, but in every case we always notify the shipper as to why we did that.

Q. Do you know of instances where traffic has been routed over the Mason & Dixon Lines, but which the originating carrier diverted to some other competitor?

A. Oh, yes.

Q. Are those situations very frequent?

A. Quite frequent, especially in movements out of the east.

Q. Now, assuming that this proposed unification is authorized and consummated, how will the position of your company compare with the unified carriers with respect to securing unrouted traffic from connecting lines?

A. Well, I doubt seriously if any carrier involved in this consolidation is going to favor Mason & Dixon Lines, or, as far as that goes, any other east-south carrier operating within the same territory, with any unrouted traffic. It stands to reason

1309 that they are not going to do that. As a matter of fact, they are not doing that today, because of this consolidation. It even started back with the first move. They sometimes route traffic against us.

Mr. SULLIVAN. I would have to object to that as a conclusion, for which no foundation has been laid.

Exam. BAKER. I am sorry. I did not get all of that statement. Will the reporter, please read Mr. Dempsey's last statement?

(Answer read.)

Mr. SULLIVAN. My point, Mr. Examiner, is that, the traffic he is talking about he has not enjoyed for more than a year. He can testify to that, but when he starts assigning reasons as to why he has not been enjoying that traffic for the last year or so, I think we ought to have some basis for assigning the reasons.

Exam. BAKER. The objection is well founded. The remarks in that regard will be stricken.

Mr. MILLER. I believe those are all the questions I have.

Exam. BAKER. Is there any cross-examination?

Mr. SULLIVAN. Do you want to cross-examine him?

Mr. MACDONALD. Yes. Do you want me to go on first?

Mr. SULLIVAN. Perhaps it would be preferable for the applicant to cross-examine last, in view of his position.

Mr. MACDONALD. Very well.

1310

Cross-examination by Mr. MACDONALD:

Q. You stated, I believe, Mr. Dempsey, that there would be some effect on the division of revenue between carriers caused by this merger. Would you explain for the record what you anticipate the effect of the unification will be on this division of revenues?

A. You are speaking of the division of revenue between carriers?

Q. That is right.

A. What I anticipate is this, that being as powerful as they are, with the coverage that they will have, that they can tell us or any other carrier outside of that, "Here is your division;" if we are successful through solicitation in lining up the traffic, that would be, may I say, originated by Consolidated Motor Lines, then, in order to get that traffic we have to yield to whatever division they would want to put in against us. I am only using that as an example.

Q. Taking that example and referring to your testimony regarding the turning over of traffic to a competitor, if you originated the business in the New England area, would it be your practice, if this merger is effected, to originate that with Consolidated, making a transfer at New York or Philadelphia with some other carrier?

A. Well, it is very often the case that we have no control over who the originating carrier is, and I would like to
1311 state, in answer to that, that while I do not at the moment have the specific names of the points, there are numerous points in the east, maybe in New England or upper New York State that are served by Consolidated Motor Lines, the only carrier serving that particular point that is a party to through rates.

Q. So that in order to—

A. And if I go out and solicit that business, it would not do me any good, because, naturally, it is going to move via the consolidation. I hope I have made myself clear.

Q. I believe so. Now, for business which you carry, say, between Kingsport and Philadelphia, would it be to your advantage—taking that particular route, rather than business moving over that route and consigned to or destined to Pittsburgh—would it be to your advantage to carry that freight from Kingsport instead of Baltimore, and then transfer it to the merged lines of transportation to Pittsburgh? Would you favor them over another

exchange carrier which you might find operating from Baltimore to Pittsburgh?

A. No, sir; I would not say that we would especially favor them, any more than we would any other carrier that could give the service.

Q. Would there be any disadvantage to you in turning over that forwarding to the merged lines at Baltimore?

A. I wouldn't say that there would be.

Q. Do you think that there would be any result from the 1312 knowledge which you have gained by the unified line as to the shipper concerned in the shipment, so as to be used for solicitation purposes?

A. I am glad you asked that question. I will go back and refer you to the old M. & A. That is a part of Transportation, Inc. If we go out and solicit business, there are certain points down that line that they serve, that we worked hard to get that business, and if we turn that information over to them, then we do not see it any more at the point of origin.

Q. Is that because they can offer through route service?

A. No; that is because they go out and solicit it for themselves.

Q. Can you indicate, if you know, the amount of your exchange business which currently is exchanged to or received from these eight companies here concerned?

A. No; I am sorry I don't have the figures that you are asking for, because we do not do any business at all with Horton Motor Lines. They won't concur in our rates.

Q. For business originating in upper New York—

A. Pardon me. If you will ask me about any particular carrier, perhaps I can answer your question more clearly.

Q. Well, by way of example, can you give us any more figures with regard to Consolidated?

A. Yes.

Q. Would you do so, please—either dollar volume or percentage?

1313 A. Well, we motor carriers are always a little bit afraid to put out information like that, but—

Q. Well, in that case—

A. But I do have some figures showing Consolidated, received from and delivered to. Now, just what would you like to know?

Q. I want to know the tonnage that you think should be available, received from and delivered to Consolidated, at any point you want to name.

Exam. BAKER. If you have the dollars in connection with that tonnage, you might also state those, Mr. Dempsey.

The WITNESS. I am sorry; they did not put the dollars here, but I believe I do see some tonnage for the months of January, Feb-

ruary, March, April, May, June, and July. Would you like me to read that for each month?

By Mr. MACDONALD:

Q. Yes; if you will, please.

A. At New York we received from Consolidated Motor Lines for the month of January, 1941, 319 shipments, 176,374 pounds. We delivered to them 65 shipments, 124,710 pounds. For the month of February, we received from them 332 shipments, weighing 157,637 pounds, and we delivered to them 46 shipments, weighing 93,479 pounds. For the month of April, we received from— and from here on I will read them in sequence—325 shipments, 182,345 pounds; 42 shipments, 72,338 pounds.

1314 For the month of April we received 361 shipments, 220,207 pounds, and delivered 29 shipments, 22,464 pounds. For the month of May we received 351 shipments, 219,499 pounds, and delivered 25 shipments, 22,732 pounds. For the month of June we received 285 shipments, 162,525 pounds, and delivered 20 shipments, 80,600 pounds.

For the month of July we received from 297 shipments, 155,538 pounds, and delivered 27 shipments, 43,055 pounds. That would make a total in weight of received from Consolidated Motor Lines at New York, 1,274,126 pounds, and delivered to, 459,378.

Exam. BAKER. In connection with those figures, can you state at this time, Mr. Dempsey, the total number of pounds transported by Mason & Dixon Lines during that same period?

The WITNESS. Mr. Examiner, you mean the total tonnage?

Exam. BAKER. That is correct.

The WITNESS. Into the east?

Exam. BAKER. No; the total number of pounds handled by Mason & Dixon Lines during that same period of time.

The WITNESS. I am sorry, I do not have that information at the moment, but I can get that for you.

Exam. BAKER. It will be in your annual report filed with the Commission, but this happens to be the first six-month period.

The WITNESS. It will be.

1315 Exam. BAKER. The semiannual report, I mean.

The WITNESS. Quarterly report.

Exam. BAKER. The total of the first and second quarters. We have incorporated the quarterly reports in this record, but those reports are not so easily available as are the annual reports.

The WITNESS. We will be very glad to stipulate here that we will furnish you with that information.

EXAM. BAKER. I feel that you should. The figures that you gave, by themselves, to have appropriate weight accorded to them, should be accompanied by the total figures, in order that the Commission may know as to what proportion of your total business is involved in this interchange.

The WITNESS. We will be very glad to do that, sir.

Exam. BAKER. Will you furnish that to the Commission within 10 days from the close of these hearings?

The WITNESS. Yes.

Mr. MILLER. That is agreeable.

By Mr. MACDONALD:

Mr. Dempsey, have you finished your list of tonnage of exchange business with Consolidated?

A. Yes.

Q. At New York City?

A. That is right.

Q. Are there other points at which you interchange with Consolidated?

1316: A. Yes, sir. We interchange with Consolidated at Philadelphia, but I am sorry that I do not have the broken down figures, because that is all thrown into one general account, which is known as our 900 account.

Q. Can you state the relative proportion of that total to this total?

A. The great majority of it moves through New York.

Q. You have stated that you also have considerable interchange business with Transportation. Is there any other company of those eight with which you have considerable exchange arrangements?

A. Well, as far as Moran goes, our tariffs are restricted, and we only handle drugs. I believe it is, in connection with them, but the others in the east, I don't have available at the moment any information on them.

Q. You say your tariffs are restricted with Moran as to drugs. What do you mean by that?

A. The only through rates we have in connection with them, in connection with Moran, are on drugs. That is my recollection. I know it is on drugs. It may be a little broader description, but it comes under the drug list.

Mr. McDONALD. I believe the record will show that the testimony of the Moran witness this morning agrees that that is the fact.

Mr. SULLIVAN. I will stipulate that what he is saying
1317 is correct.

By Mr. MACDONALD:

Q. Can you tell us why the tariff is so restricted?

A. Well, I can't just exactly say why it is. Maybe they thought they were not financially able to pay them their interchange, but just why it is, I don't know.

Q. It was not a matter of choice on your part, then?

A. No. In fact, we have quite a file in trying to get them to go along with us on interchange traffic generally, but they just would not answer it.

Q. Of the 1,274,126 pounds received from Consolidated in the six-month period which you covered, how much of that do you think you would receive if the merger were consummated?

A. Practically none of it.

Q. Can you give us your figures on your interchange with Transportation, from the other end of this system?

Mr. SULLIVAN. Mr. Macdonald, that happened to be a seven-month period.

Mr. MACDONALD. Oh, I beg your pardon.

Mr. SULLIVAN. You adopted mine, and somebody just corrected me. Will the reporter note that it is a seven-month period?

A. Mr. Macdonald, I am sorry I do not have all of our figures available on all of the junctions at which we do interchange freight with transportation, but I have some figures reflecting the tonnage interchange at Knoxville and Atlanta for the months of January through July, inclusive. We interchange with Transportation at numerous points, such as Asheville, Charlotte, and maybe others that I can not recall just now.

Q. Atlanta?

A. I have the figures at Atlanta for the six months that I have just stated.

Q. Would you care to give them to us, please?

Mr. SULLIVAN. Could we not just have them by totals, instead of months, or would it make any difference?

Mr. MACDONALD. That is satisfactory.

Exam. BAKER. State the total figures for the seven-month period.

The WITNESS. The total figures?

Exam. BAKER. Yes.

The WITNESS. My report indicates that we received from Transportation at Atlanta, Georgia, for the month of January through July, inclusive—

Exam. BAKER. 1941?

The WITNESS. 1941, total number of shipments, 403,275,145 pounds. We delivered to them—and please mark the difference—3,515 shipments, 1,151,910 pounds. At Knoxville, for the same

months, we received from Transportation 353 shipments weighing 280,897 pounds, and we delivered to Transportation 849 1319 shipments, weighing 434,360 pounds.

By Mr. MACDONALD:

Q. Over what other transportation line will the service offered by Transportation, Inc., be available to you, assuming that it would not be good policy to exchange with Transportation, Inc., after the merger is consummated?

A. At Knoxville the only other carrier serving Alcoa, Tennessee, which is the very huge plant of the American Aluminum Company of America, is the Hauser Freight Lines, a very small carrier. That is about the only one that we could interchange that particular traffic with. Silver Fleet Motor Express, of Louisville, Kentucky, also has the right at Alcoa, Tennessee, but they serve the north, across the river, through Louisville into that section, and because of that we interchange very little traffic with them on this national defense movement eastbound. Hauser Freight Lines, being a very small carrier, they do not have equipment that they can properly serve the plant with over at Alcoa, and it has resulted in pushing up a good many of these national defense movements in the last few months, that we have been able to interchange trailers with Transportation at Knoxville in the handling of that traffic. Naturally, we could not hope to secure much of that business after this consolidation.

Q. What have you to say as to the territory in which the freight originated, which is included in this figure of 1,551,910 pounds turned over to Transportation at Atlanta?

1320 A. May I ask that that question be stated again, please?

Mr. MACDONALD. Will you read the question?

(Question read.)

A. Practically all of that freight moving out of the eastern section of our operation. What I mean by that is out of the east, the Maryland-Virginia line.

Q. That would be territory served by lines concerned in this merger?

A. Yes, sir. In fact, may I say 98 per cent of it.

Q. I believe the Examiner has asked you to supply figures with regard to your total tonnage for the period under consideration, namely, the first seven months of the year 1941. Would you be willing to supply figures giving your tonnage or poundage of exchange freight with each of the carriers with which you exchange for all points of exchange?

A. Let me see if I get that straight.

Q. If that is too broad a question of study and investigation, would it be possible for you to provide the tonnage which you

exchange with all carriers with whom you exchange at the principal points of exchange?

A. We will be very glad to undertake to get that information, and can do it, but I doubt seriously that it would serve the purpose that you have in mind. However, I am not questioning the purpose for which you have it in mind, but I may say that I
1321 believe, in order to do ourselves justice, in complying with the Examiner's request to also include the total tonnage of interchange freight received from and delivered to these various junctions, in addition to the breakdown that we have read into the record, and in addition to that our entire tonnage, if it is so desired.

Q. You would be willing, then, and it would be possible to secure those figures, should the Examiner deem it necessary for a proper decision?

A. We would supply those figures if the Examiner deems it necessary, but I would like to go on record that I hope the Examiner will not ask that, because that is rather personal information.

Q. Is that in the nature of trade secrets, more or less?

A. It is, with all motor carriers.

Q. And would it embarrass a carrier to give the amount of interchange at certain important junction points, without naming the carriers concerned in the exchange?

A. We have never considered it the best policy to reveal even such figures as that, but still, if it is insisted upon, we would not mind giving the total figures, but we are certainly not going to agree to give the breakdown of the figures for each individual connecting carrier, because there are so many elements that enter into that:

Mr. MACDONALD. That is all I have to ask.

Exam. BAKER. Is there any further cross examination?

1322

By Mr. SULLIVAN:

Q. Mr. Dempsey, in your testimony, when you referred to the interchange between your company and Transportation, Inc., at Atlanta, you injected into it a remark to the effect "please note the difference." I assume you meant by that for us to please note the fact that you gave Transportation in excess of 1,000,000 pounds during the 7-month period, and they only gave you 275,000 pounds. Is that what you wanted us to note?

A. Well, I am very glad—I was hoping that somebody else would do it besides you, but I am glad you brought it out.

Q. What is wrong with me?

A. I can answer that. I was especially anxious to get that in the record, and that is for this reason: That vast difference be-

tween what we delivered to and received there indicates that we solicit the freight up in that vast area in the east that is going to be controlled by this consolidation, that we are delivering to Transportation in Atlanta, that we would never see again.

Q. I mean, that is the point you want to make?

A. That is exactly it.

Q. Also that you gave a great deal of freight to them, much in excess of that which other people gave to you?

A. I am not complaining of that.

Q. All right. If we are to follow your reasoning that you just gave us with reference to that, what do you say as to
1323 the situation between yourselves and Consolidated, where substantially the same thing is true, but in the reverse direction?

A. Consolidated, for the benefit of all of you, has not been playing ball with us since they first started this consolidation idea.

Q. I will give you a chance to answer that one. What do you mean by that, please, sir?

A. I meant just what I said.

Q. Please explain it, so I will not misunderstand it. Try it in some other language.

A. Will you outline the angle?

Q. The language, I said. I am not sure that I thoroughly understood you. I would like to have you state it in another way.

A. How would you like to have me state it?

Exam. BAKER. I think the record is clear as to what he means.

Mr. SULLIVAN. Then I will ask him as to my understanding of it.

By Mr. SULLIVAN:

Q. Do I understand that you say, first, the Transportation deal, or something. What did you mean by that "first?"

A. You were here.

Exam. BAKER. Just a moment.

1324 Mr. SULLIVAN. I would like to have that question answered.

Exam. BAKER. Identify it for the record.

The WITNESS. The first consolidation case. I don't recall, and I apologize for not having the docket number, but when there was quite—the first attempt that was made toward consolidation, back about a year ago, do you recall?

Mr. SULLIVAN. I remember there was such a one. It seems to me I heard about it.

Exam. BAKER. You refer to the application of the Transport Company to consolidate?

The WITNESS. I believe that is the correct name of it.

By Mr. SULLIVAN:

Q. Since that time, which you say was about a year or a year and a half ago, Consolidated has not played ball with you. What do you mean specifically by that?

A. Because they have been routing, so far as we have been able to see, most of their traffic in connection with the boys that they thought they were going to consolidate with.

Q. By that, you mean specifically whom?

A. I mean those that are in the consolidation.

Q. Name them, please.

A. You know them better than I do.

Q. Will you please name those whom they have been routing with?

A. Those named in the consolidation. You know them better than I do.

1325 EXAM. BAKER. Just answer the question. If you recall the names of the carriers that you refer to, will you state them?

The WITNESS. Well, I refer, specifically, then, to Horton Motor Lines, Barnwell, or any of the others.

By Mr. SULLIVAN:

Q. Then, am I to understand that Consolidated at the present time routs their freight to the south by Horton, by means of Barnwell and certain other carriers; is that it?

A. That is correct, and for your further information, we have just recently had complaints from some of our customers that where traffic was routed, we spent about \$16 in telephone calls in trying to locate the shipment, and found that they had given it to somebody else.

Q. Who are they that have given it to them?

A. I don't know. Horton, I believe.

Q. Do you know that?

A. I am not quoting exactly who it was. I am just making the statement.

Q. All right. Now, you say that was done last fall because they knew they were going to be in some kind of a deal.

A. That was not done last fall, the one I mentioned.

Q. When was that?

A. Oh, two or three weeks ago.

Q. All right. But you say that they took traffic away from you a year or a year and a half ago, because they wanted to
1326 route it over Barnwell and Horton and other companies who might have been engaged in the transportation deal of last year; is that it?

A. That is right.

Q. Did you enjoy all of their exchange before that time?

A. I don't know just what percentage of it we did enjoy, but I know it has been dwindling.

Q. Has the business that you have given to Consolidated dwindled even during the first six months period of this year?

A. I don't have those figures.

Q. You read them to us. Why don't you?

A. The figures that I read speak for themselves.

Q. Well, assume those figures did dwindle from 124,000 in January, or something like that, to 22—

A. Something like what?

Exam. BAKER. Refer to the figures, Mr. Sullivan.

Mr. SULLIVAN. Well, I am not attempting to give the outbound.

By Mr. SULLIVAN:

Q. From 124,000 pounds in January to 43,000 pounds in July—well, I will call them back to you: 124,000 in January, 93,000 in February, 72,000 in March, 22,000 in April, 22,000 in May, back to 80,000 in June, and back to 40,000 in July. Was there some significance behind the dropping off of the figures in tonnage that you turned over to Consolidated?

1327 The WITNESS. May I insert a question in very compact summary, if the Examiner will permit me?

Exam. BAKER. Confine yourself to the question.

The WITNESS. Exactly, to save a lot of record, I make this statement, and I reiterate it, that Consolidated Motor Lines has not played with us since this consolidation came about. Now, as to just what percentage for each individual month, I don't have that information, but I know of routings of traffic that have been diverted. I do not have specifically before me right now the reference to that particular shipment, but I can get it if the Examiner would require it—not you.

Exam. BAKER. Mr. Reporter, will you read the question of Mr. Sullivan. I do not believe he understands the question.

Mr. SULLIVAN. I was just waiting for an answer to my question.

The WITNESS. Well, I am through.

Mr. SULLIVAN. Now, please answer my question.

The WITNESS. What is your question?

Exam. BAKER. Just a moment. Will you read the question, Mr. Reporter?

(Question read.)

A. The only significance that I know of is what I have told you. You get into a consolidation—

Q. I am speaking of tonnage.

A. That is all I know.

1328 Q. Is there some reason that you know of why you turned over a lessening amount of tonnage as you went along during the first seven months of this year?

A. Well, let me make this clear to you. We turned over to them every pound of freight that was routed in connection with them. Perhaps we simply did not have it.

Q. Then, you only give Consolidated that freight which is routed Consolidated. Is that what we are to understand?

A. We gave Consolidated all the freight that we had that we could turn over to Consolidated to points they served.

Q. Now, please. I don't want to enter into a controversy with you.

A. I notice that.

Mr. SULLIVAN. Mr. Examiner, I suggest that—

Exam. BAKER. Please confine yourself to answering the question.

The WITNESS. Thank you, Mr. Examiner. I will do that.

By Mr. SULLIVAN:

* Q. Am I to understand that the freight that was turned over to Consolidated was, you stated a minute ago, only that freight which was routed Consolidated; or was it some additional freight?

A. I am quite sure that there was considerable additional unrouted freight that was turned over to them. I know that there was. I can not tell you exactly which they were.

Q. All right. That is enough. Now, did you have 1329 more freight destined for New England during this seven-month period that you have discussed, which you turned over to Consolidated?

A. May have.

Q. Well, do you know?

A. Well, we had considerable more freight, I am quite sure. I don't have those figures before me. Of course, Consolidated is not the only one operating up there, but they are the largest.

Q. Then you do turn freight over to carriers in New England, other than Consolidated Motor Lines?

A. Oh, yes.

Q. And do you turn your freight over to a number of carriers other than Consolidated?

A. Well, I don't know just how many there are, but there are quite a few up there, I think.

Q. McCarthy is not among that number; is he?

A. I don't think McCarthy serves New York.

Q. Do you find the service of these other carriers in New England as satisfactory as the Consolidated service?

A. As far as I am particularly concerned, or the Mason & Dixon Lines, we don't question complaints about service until they come to us from some shipper, and I do not have before me now any complaints that I can tell you about.

Q. These other carriers do not take freight that is routed
1330 over your line, your other connections with the north do not take freight as Consolidated does, that is routed over your line and diverted to someone else?

A. I would not say that. They may.

Q. Why did you feel that it was so significant that you should mention it here, that one shipment you spoke of that was routed over your lines, and that Consolidated diverted apparently to someone else, if other carriers who were not concerned with this merger did the same thing?

A. May I answer that with a question? As long as I have been in this business, dealing with every connecting carrier that we have, and if you had been in it as long as I have, wouldn't you know the attitude of each and every one of them? I know the attitude of Consolidated. That is my only answer.

Q. What is the attitude of Consolidated?

A. I can't answer that.

Q. You can not answer that?

A. I can not answer that any further.

Exam. BAKER. We will take a recess for 10 minutes, gentlemen. (A short recess was taken.)

Exam. BAKER. Come to order, please.

Before proceeding with this witness, I would like to state that I believe we are getting into collateral matters here that are
1331 not directly involved in this proceeding. Let us confine ourselves to the facts as they exist and as they are involved in this proposed unification. Leave out questions of attitudes or personalities of the parties concerned.

Mr. SULLIVAN. I accept the suggestion, and I am very much in accord with it; but I find myself in this position, Mr. Examiner, that when the witness makes a categorical statement that may be almost the result of a conclusion, I am fearful that he will leave a conclusion here without anything that explains the reason for the conclusion. However, I will try to follow your suggestion.

Exam. BAKER. I believe it has been gone into sufficiently.

Mr. SULLIVAN. I was going to move to something else. It may sound as though I am coming back again, but I assure you I have something else in mind when I ask the question.

By Mr. SULLIVAN:

Q. You feel, then, Mr. Dempsey, that for the past year and a half there has been substantially complete collaboration between the companies involved in this proposed unification, including complete collaboration as to the transfer of freight, exchange of information with respect to accounts, efforts to divert business from former connections to companies involved in this group, and so forth? Is that what I am to understand?

A. I would say that I could not say that there has been complete collaboration. I don't know to just what extent you mean by that, but there has been that sentiment.

1332 Q. Well, to give you the room that you apparently desire, can we say approximately complete collaboration?

A. I still can not answer you that it has approximated complete collaboration. All that I know is the effects up to now.

Q. Well, the effects up to now, then, in your opinion, are those which might have been reached by approximately complete collaboration?

A. The effects up to now are really the cause of what is going on, and that is all I can answer. That is my opinion.

Q. All right. Then, as to the situation, from your point of view, it would not or could not be worse off if this application were approved?

A. Why, it would be completely worse. It would be then a complete collaboration.

Q. All right; instead of one approximating complete.

A. Yes.

Q. All right. Now, what was the gross annual business for any recent period that you can name of the Mason & Dixon Line?

A. I don't have those figures with me.

Q. Well, your position with the company is what?

A. General traffic manager.

Q. And as such, is it an aid to you in your position—in order to fill your position effectively, you have to keep reasonable track of the gross revenue of the company; do you

1333 not?

A. That is right.

Q. Could you give us the figures for 1940, then?

A. I could not, because I don't have them with me.

Q. Well, could you approximate them for us?

A. I wouldn't like to do that.

Q. Could you give us the annual revenue for the year—

A. Not that we have anything to hide, but in answering that question, I would like to have the figures before me, to give you a complete answer. The quarterly reports with the Commission will give you that figure.

Q. Can you give me, within \$200,000, the gross receipts for 1940?

A. No; I cannot.

Q. Could you give them within \$500,000?

A. I have not the figures before me, sir.

Q. Will you please listen to my question? Could you give them within \$500,000?

A. I shall not attempt to give them to you within any limits.

Q. Could you, is that I asked you—not will you.

A. The quarterly report of the Commission will give you a complete answer on that.

Q. Will you please answer my question.

Exam. BAKER. Just answer it.

A. I am very sorry I do not have the information. If 1334 the Examiner requires me to give an estimate, which is a guess, I will be glad to do that.

Exam. BAKER. I am merely asking that you answer counsel's question, Mr. Dempsey. Can you state within \$500,000 the gross revenues of the Mason Dixon Line during the year 1940?

The WITNESS. No; not offhand.

By Mr. SULLIVAN:

Q. All right. Can you state it within a million dollars?

A. No.

Q. Within \$2,000,000?

A. No.

Q. How many connecting carriers did you say you had?

A. I would estimate around 225. It may be more, or maybe a few less.

Q. And that figure you recall as of what date? When did you make your check on the basis of which you give that figure?

A. Which figure is that?

Exam. BAKER. He is referring to the 225 carriers, I believe.

A. Well, that is just my opinion. There is not any figure at all. I just assume that we have got around 225; maybe more or less, connecting carriers.

By Mr. SULLIVAN:

Q. That is, you gave that figure based on your knowledge of the business, as general traffic manager?

A. That is right.

1335 Q. How great a territory geographically, without naming routes; can you tell us the general territory over which or through which the public may ship freight over the lines of the Mason & Dixon Lines and its approximately 225 connecting carriers?

A. The Mason & Dixon Lines hold themselves out to serve the public generally throughout the entire east, including New England and on into the deep south, including the nine southeastern states in particular, but, of course, we do haul freight when offered to points out in the Western Trunk Line territory.

Q. And is the service, in your opinion, as the traffic manager, which you render to the shipping public in the territory that you have described, a reasonable and adequate and satisfactory one from the shipper's point of view?

A. Well, I think so; yes.

Q. The territory that you have described, leaving out the Western Trunk Line territory, is approximately the territory covered in this proceeding; is it not?

A. I would say the territory that we serve and haul the majority of the freight that we do haul to and from would be involved in this proceeding.

Q. But your territory is even more extensive than the territory involved in this proceeding?

A. Very slightly, though.

Q. But it is more extensive?

1336 A. Very slightly.

Q. All right. Could you tell us the number of units operated by the Mason & Dixon Lines and its 225 carriers, collectively?

A. No, sir.

Q. It would run into the thousands, would it not?

A. Well, I don't know to what extent.

Q. Would it run into the thousands?

A. I couldn't answer that.

Q. Could you answer within 500?

A. I could not.

Q. Could you answer within a thousand?

A. I could not, in 10,000.

Q. Would you swear that they do not exceed a thousand?

A. I am testifying under oath already.

Q. Does it exceed a thousand?

A. I couldn't answer that. I don't know.

Q. Is there any part of the territory involved in this application to which your company and its 225 connecting carriers do not give service or could not give service, other than through lines of one of these eight companies?

A. Well, yes; there are some lines that we would have trouble giving service to.

Q. What part, geographically, of the territory would that be, rather broadly speaking?

A. Only geographically, and from my own opinion right
1337 now, without getting at the detail of it, there are numerous

points that I think I have already testified to in the record that are served by Consolidated, that that was the only carrier that had through rates.

Q. Now, I am not speaking of rates, please.

A. At the same time, the same thing applies to Transportation within the deep south.

Q. All right. It is perhaps my fault that I did not ask the question properly. Excluding the question of through rates, as to physical operations, are there any points in the territory that we are just discussing where the Mason & Dixon Lines and connecting carriers could not give the service?

A. I imagine they are numerous. I do not have them before me just now.

Q. Do you know of any such points?

A. I believe I answered that.

Q. Well, will you answer it again?

A. Yes.

Q. Because I did not get the answer.

A. I do not have them before me just now.

Q. Then, do you know, of your own knowledge, of no such points?

A. Well, there are points down in the deep south that are reached by the M. & A. I have already testified to that.

Q. Let me put it this way: You are not able at this moment, without some other means of refreshing your recollection, to name any such point to us; is that it?

A. Not to any extent.

Q. Can you name one point?

A. Yes. Well, I can name one or two perhaps, down in the deep south. Say Pascagoula, Alabama, for instance.

Q. You say Transportation is the only carrier that goes to Pascagoula?

A. No; I didn't say.

Mr. MILLER. Will you clarify that by saying from where?

By Mr. SULLIVAN:

Q. From the territory where Mason & Dixon Line has service.

A. As far as we know, they are.

Q. Do any of the connecting lines other than Transportation get close to Pascagoula?

A. I couldn't answer that, sir.

Q. Pascagoula is also served by water transportation, is it not, very extensively, as well as by truck line?

A. I have understood it is.

Q. Do you know of any points in the north where a similar situation would prevail?

A. Let me see if I get your question correctly. That is where there would not be another originating or delivering carrier?

Q. That is right.

1339 A. Serving the point?

Q. That is right.

A. There are several points in the east served by Consolidated Motor Lines. I am not saying they are the only motor carriers serving those points, but they are the only ones, to my knowledge, that serve them with through rates.

Q. No. You see, I ask you, please, to eliminate rates. Then, I take it, eliminating rates, your answer would be that, except for Pascagoula and some points in the deep south, there would be no such points; is that it?

A. No; I didn't say that.

Q. Well, let us move along. Now, on this question of through rates, do I understand that you are fearful that if this application were approved, some service offered by one or more of the carriers involved in this application, which you make use of through Mason & Dixon Lines, would be cut off to you, because they might withdraw their through rates?

A. That is a possibility, but that is not my big worry.

Q. What is your big worry?

A. My big worry with respect to that is the loss of traffic we are now hauling.

Q. All right. You are referring to Consolidated?

A. Or any others in the consolidation.

Q. All right.

A. Where we have ever hauled traffic.

1340 Q. Do you feel, sir, that you have some vested right in the traffic that you presently haul?

A. Yes; indeed.

Q. You feel, then, that a carrier who enjoys certain truck traffic acquires a vested right in that, and that no action of the Commission in approving an acquisition or a merger should be permitted if it should deprive the carrier presently having the business, of that business, or if it might deprive it of it. I will say? Is that what I am to understand?

A. I don't understand you.

Q. I will try it again. You have told me that you feel that the Mason & Dixon Lines have a vested right in the business which they are presently enjoying by way of connection, I presume, business originating over the lines of one or more of the carriers involved in this application, and I asked you then if I am to understand from that that you feel that the Commission should not approve a merger or an acquisition of one line by another line

in a case where it might result in some increase of competition to a line in a particular territory so that ultimately it might lose some business? Is that what I am to understand?

The WITNESS. Mr. Examiner, I am not trying to pass the buck by answering your question, but I would like to have it explained to me, just what is meant by "vested right."

1341

By Mr. SULLIVAN:

Q. Well, I don't know. You answered it rather rapidly, and I thought, therefore you knew what I meant. I apologize.

A. I do not.

Q. All right.

Exam. BAKER. I do not see any advantage in pursuing that.

Mr. SULLIVAN. All right. I will pass from that.

By Mr. SULLIVAN:

Q. The Mason & Dixon Lines have extended their routes during the past year or so, have they not, through acquisition of other carriers?

A. Yes.

Q. And to quite a degree they have extended them, particularly in the south?

A. To quite degree?

Q. In point of mileage, they have extended them quite a bit.

A. I don't think it is such a terrible extension.

Q. Let us see. From where to where did you extend your lines in the last year or so?

A. Are you asking me?

Q. Yes.

A. Well, in the past year or so, through the acquisition or the purchase of certificates issued by the Commission to carriers, we extended our operation as far as Charlotte.

Q. From where?

1342 A. From Asheville, North Carolina.

Q. You made other extensions as well, did you not?

A. Yes.

Q. Well, let us take this one. That, we might say, is Mr. Horton's back yard, is it not, practically?

A. I don't know. I have not been in Mr. Horton's back yard.

Q. I mean, Mr. Horton's home office in Charlotte.

A. Yes.

Q. And were you able, after this acquisition and extension of your routes, to increase the business that was formerly done by the company that you acquired there?

A. Will you put that question again?

Q. All right. You acquired a carrier, permitting you to extend your lines from Asheville, you said, to Charlotte; is that right?

A. That is right.

Q. And this carrier that you acquired operated how many pieces of equipment at the time you acquired it?

A. I don't recall.

Q. Well; was it more than ten?

A. I don't know.

Q. Have you increased your business in that territory over what it had been?

A. I would say we have not. The only thing we did with that business was to give a little better service on traffic that
1343 we had already been handling into that territory.

Q. And he had been a connecting line previously, had he?

A. Very small. We had other connecting lines, though.

Q. So after you got this line from Asheville to Charlotte, what happened to your other connecting lines that you used to use?

A. Practically nothing.

Q. You are still exchanging with them?

A. Oh, yes.

Q. To the same extent as before?

A. Possibly not to the same extent.

Q. But you did not cut them out?

A. No, sir; because the carrier that we purchased is still operating, and we are simply going on with what he did.

Q. So that, under those circumstances, those carriers with which you formerly connected did not suffer any by your acquiring a carrier from Asheville to Charlotte; did they?

A. Only for the reason that the carriers that we acquired, we simply took up where they left off at the time we acquired them; that is all.

Q. But the other carriers that connected with you, serving that territory, did not suffer because you acquired that carrier and extended your lines into that territory?

A. I have not heard any complaints from them.

Q. You have other acquisitions presently pending, have you not?

1343-A A. Yes.

Q. And under which you propose to extend your lines to other parts of the south?

A. Yes.

Q. So that you will cover some of the territory covered presently by various concerns in this proposed merger; is that right?

A. Well, may I answer that just as it is?

Q. I hope you will. I have been kind of going on the assumption that that is what you have been doing all afternoon.

A. As far as we know, there is not any carrier operating out of New York City to Nashville, Tennessee, who is operating lawfully. Now, I am only expressing an opinion.

Q. Do you operate there?

Exam. BAKER. Mr. Dempsey, will you confine your answers to questions of counsel?

The WITNESS. I am trying to do that, your Honor.

Exam. BAKER. I do not believe that your reply is responsible to the question.

The WITNESS. Well, I certainly apologize, if he will restate his question.

Mr. SULLIVAN. I will have it read, instead of restating it.

Exam. BAKER. I am referring to the question just ahead of this one.

1343-B (Question read.)

Mr. SULLIVAN. I guess I had better restate it.

By Mr. SULLIVAN:

Q. If you are permitted by the Commission to make these acquisitions which are presently pending, you will be extending your lines into the territory of certain of the carriers in this merger—territory which you do not now serve directly, but which they serve directly?

The WITNESS. I am afraid the Examiner did not get the drift of my answer in trying to answer that question for you in the beginning.

Exam. BAKER. I believe you can answer that yes or no, Mr. Dempsey, and then, if you want to explain your answer, you may proceed to do so.

The WITNESS. Well, read the question, please.

(Question read.)

A. My answer is absolutely no.

By Mr. SULLIVAN:

Q. Well, does this acquisition, or do these acquisitions that you have pending, extend your lines, if they are granted?

Mr. SULLIVAN. Are we waiting for an answer again, Mr. Examiner?

Exam. BAKER. I do not know whether he took that to be a question or not.

The WITNESS. I said "no" as loud as I knew how.

Mr. SULLIVAN. I asked a question after that.

1343-C Mr. MILLER. Please read that last question. I believe it answers itself.

(Question read.)

A. I answer that absolutely no, with special respect to the extension into Nashville, Tennessee, if that is what you have reference to.

Exam. BAKER. Now, Mr. Dempsey, I believe you misunderstood the last question, and I do not want you to answer it under any misunderstanding.

Mr. MILLER. Maybe I did not understand it, but if he will make his question more clear, it will be helpful. Is it really material to this proceeding, Mr. Examiner?

Mr. SULLIVAN. If I could just get one answer to one of these questions, so that I can move along, I would tell you right now how it is material.

Mr. MILLER. We will stipulate that the Mason & Dixon Line does not operate at the present time to Nashville, Tennessee, but has an acquisition pending before this Commission, which is also being protested by a member of the combine.

Exam. BAKER. The question is, if the proposed acquisitions involved in the application by the Mason & Dixon Lines now pending before the Commission is granted, would that extend its lines in any respect?

The WITNESS. The question was if it would not extend our operation to make it competitive with a member of the 1343-D proposed consolidation.

Exam. BAKER. That was the previous question, Mr. Dempsey. What is what I thought you misunderstood. That was the previous question. There was a question after that, asking you whether or not you would extend your lines in any respect, as I understood the question. Now, what is your answer to that?

The WITNESS. I was simply answering on the basis of the pending application that we have. Now, if the gentleman wanted to extend it to any possible future acquisition, I could only answer on each one of them.

Exam. BAKER. Can you make your question more specific as to the acquisition you have in mind, Mr. Sullivan?

By Mr. SULLIVAN:

Q. What application have you presently before the Commission for the acquisition of a line?

A. Cumberland Freight Lines, from Knoxville to Nashville, Tennessee.

Q. Is that the only one you have pending?

1344 A. That is the only acquisition—that is the only acquisition we have pending right now.

Q. All right. You do not operate into Nashville at the present time?

A. Only through connections.

Q. What company in this proposed application presently operates into Nashville?

A. Southeastern Motor Lines are running in there.

Q. You have other acquisitions in mind, haven't you, without naming them?

Exam. BAKER. I do not believe he need answer that question.

Mr. SULLIVAN. All right.

By Mr. SULLIVAN:

Q. You have extended your lines into Lynchburg, Charlotte by way of Greensboro; you have extended your through traffic to Bristol and several other places, in the past few years, by which you substantially duplicate the lines of Horton and Barnwell; have you not?

A. The extensions you mentioned to Lynchburg—I ask you if you have in mind into the Carolinas. May I ask you that question?

Q. If those extensions are in the Carolinas, I have the Carolinas in mind. Now, go ahead.

A. Then, I will answer you. We bought and paid for anything the Commission did not grant us as irregular territory 1345 under our grandfather clause application. Neither have we asked for anything on that particular road or highway, other than what we already had.

Q. What did you buy them for?

A. Just as a regular route. We had it already on irregular.

Q. You claim you had a right to go to Charlotte and handle freight prior to these extensions?

The WITNESS. Mr. Examiner, may I ask my attorney over there whether this is the application here or our application or what?

Exam. BAKER. Mr. Sullivan, I do not think we should go into that in great detail.

Mr. SULLIVAN. In view of the progress I seem to be making, I will drop the subject.

By Mr. SULLIVAN:

Q. You feel that whatever extensions you have made in your lines in the last year or two are in the public interest; do you?

A. Absolutely.

Q. You feel that had no adverse effect on connecting carriers that formerly assisted you in rendering service—

A. Some of the—

Q. Wait until I finish.

A. Yes; indeed. Pardon me, please.

Mr. SULLIVAN. Will you read me that part of my question?

(Question read.)

1346

By Mr. SULLIVAN:

Q. (Continuing.) To the territory to which you extended your lines?

A. I might say that I have had some of our connecting carriers with whom we have always done business, operating into that territory, tell me that they appreciated the fact that we are in there. Now, just why, I hesitate to answer that. I don't know.

Q. But is it your answer that you feel that it has had no adverse effect on those connecting carriers?

A. There has been in some instances; yes.

Q. Serious?

A. I don't know how serious it is.

Q. Do you feel, looking back on it now, that the Commission should not have given you that extension because of the adverse effect on those carriers?

A. Why, certainly, the Commission did exactly right.

Q. All right. Now, one other thing, and then we will stop. You say that you find the transfer you have with Transportation Lines, the interchange you have with Transportation Lines, Inc., of particular value to your company; do you?

A. Yes, sir.

Q. Now, what did you mean by the other part of the testimony that you gave, in which you said that they found out about the freight you had and went ahead and solicited; they found out about the freight because of your interchange with them.
1347 and went ahead and solicited and took the business away from you?

A. That is right.

Q. But you continued to ship over the lines of Transportation, although that tipped them off as to the freight you had, and then they got the business away from you?

A. That is right.

Q. So, whatever they are doing now, they could not do any more if this application were approved?

A. Only cut off that tremendous tonnage we have been enjoying in interchange.

Q. Your company has grown pretty consistently during the past 10 or 11 years of its existence, has it not?

A. It has done fairly well.

Q. Do you think it has grown in the last three or four years substantially, that its tonnage has grown substantially in proportion to the growth of either Horton or Barnwell tonnage?

A. I don't know just what their tonnage is; but may I say that the growth of the Mason & Dixon Lines is because of our efforts in serving our patrons, especially over the routes that we have operated.

Q. You feel that the service is superior to the service rendered by either Horton or Barnwell?

A. I think it is superior to any service in the United States.

1348 Q. So that merely putting Horton and Barnwell together is not going to improve their service to the point where they can reach the service you offer?

A. I couldn't answer that. I do not know.

Q. Well, assuming that it did result in an improvement over your service, would you say that the public should be deprived of that service, if it were to mean depriving you of any of the business you presently enjoy, through interchange or otherwise?

A. As far as I know, they have just as good a service as we have.

Q. Who has? Who has just as good a service as you have?

A. Barnwell, Horton, and all those that you just mentioned.

Q. What did you mean by saying that your service was superior, then?

A. I simply told you I thought we had the best.

Q. All right.

A. I am talking now like I am trying to get a little bit of freight.

Q. And you are not afraid that you won't be able to get the freight, either, in the future; are you?

A. A whole lot of it we won't.

Q. Don't you get the freight on the basis of service?

A. Yes, sir.

1349 Q. You have been able to put your service in a position where it was competitive with Horton and Barnwell?

A. We are trying every day to keep it and hold it, but we are still having a hard time.

Q. But you have increased your freight volume from year to year?

A. Well, national defense has moved up freight for everybody.

Q. But even before national defense, was your freight increasing?

A. Well, to some extent.

Q. Can you name any two years in which your freight remained constant?

A. No, sir; I could not name any particular year.

Q. It has been upward every year since 1935?

A. Been operating every year?

Q. Your gross volume of freight has gone upward every year since 1935—increased every year since 1935?

A. Yes.

Q. Have you been at all concerned in the past, in the past few months or year, that Transportation Lines might go out of business for financial reasons?

A. No, sir.

Q. Did you ever look up one of their balance sheets?

A. No; I have not had time to look at their balance sheet.

Q. Does not your company ever investigate the financial condition of its connecting lines?

1350 A. Yes, sir.

Q. Did you investigate the financial condition of Transportation, Inc., at any time within the last year or year and a half?

A. I could not answer that definitely. I may say that we keep tab on all of our connecting carriers and try to keep our interchange collected up.

Q. You presently have connections which enable you to render service over the state of Pennsylvania; have you not?

A. Who?

Q. Connections which enable you to render service throughout the state of Pennsylvania?

A. Well, yes; there are connections up there.

Q. You yourselves, operate in the state of Pennsylvania, do you not?

A. Yes.

Q. Do you operate in New York State yourselves?

A. Only in the New York district.

Q. Do you go to Binghamton?

A. Irregular.

Q. Have you increased your service to the city of Binghamton in the last year or two?

A. No; I can not say we have. I do not have any figures on what tonnage we have in and out of Binghamton.

Q. But you do operate and claim operating rights to 1351 Binghamton; do you not?

A. Yes; we can go there lawfully, for the time being.

Q. Are there any other points that you claim in New York State you have a right to go to?

A. There are several points.

Q. Do you claim to have a right to go into a large part of New York State?

A. No.

Q. You have many connections in upstate New York, have you not?

A. No, sir; very few.

Q. Well, you have adequate connections, covering substantial points?

A. No, sir.

Q. I beg your pardon?

A. No, sir; I don't think we have.

Q. Could you name any of your connections for upstate New York?

A. Consolidated Motor Lines is about the biggest one I know of.

Q. Do you know any of the others?

A. I can not recall their names right offhand. I think Moran runs up there, too.

Q. One more question, sir, and then I am finished.

1352 Is it not a fact that the reason the interchange tonnage between your company and Consolidated was reduced, starting about last May, a year ago this May, was because beginning at that time and continuing on for the next few months Consolidated changed their rates, so that they could not accept a rate less than either second or third class, unless it paid the second-class rate—either the second- or third-class rate?

A. Are you asking me to analyze the tariff situation now with respect to the inflated extensions that the Consolidated Motor Lines have?

Mr. SULLIVAN. May their soul rest in peace, Amen. All right. That is all.

Exam. BAKER. Come to order, please. Is there any further cross-examination?

Mr. MACDONALD. Mr. Examiner, may I, in the interest of clarifying the record, ask a further question before redirect?

Exam. BAKER. Very well.

By Mr. MACDONALD:

Q. You were asked to compare the services of Mason & Dixon Lines and all its exchange carriers with that of the proposed service of Associated Transport, Inc. Do these 225 exchange carriers include the carriers concerned in this application?

A. They include some of them. There are some of them, but there are certain tariff restrictions, like, for instance, in the case of Moran, and possibly some of the others. Now,

1353 I do know that we have no through rates with Horton at all. They have absolutely refused to interchange their freight with us anywhere. I remember in one particular locality we were having difficulty in locating a connection that they serve, and I was unable to get them to go along with us in joining in through rates. Now, there may be others; I don't know right offhand. As to Barnwell, I think his tariffs are restricted, that the rates do not apply in connection with the Mason & Dixon Lines. Horton and Barnwell will be found in the tariffs as being restricted to certain carriers throughout the entire territory.

Q. So far as the comparison goes you were asked to make, it was a comparison, then, between Mason & Dixon and all of these

exchange carriers, including Consolidated and Transportation, Inc., as compared with the eight carriers, which also include Consolidated and Transportation, Inc.?

A. That is true. I am only speaking of those in the consolidation, but I speak especially of Consolidated and Moran, and to some extent Transportation.

Mr. MACDONALD. Those are the things that I wanted to get straight, Mr. Examiner.

Mr. SULLIVAN. Before we leave that, may I ask one question, please, Mr. Examiner, lest there be any confusion there.

By Mr. SULLIVAN:

1354 Q. There is only one point involved in your joint through rate with Moran, is there not, and that is Norwich, New York?

A. I don't recall the point.

Q. You would not say that there were any more?

A. I would not say that there were any more.

Mr. MACDONALD. I have one thing further on that.

By Mr. MACDONALD:

Q. In that comparison you included all your exchange carriers. Were you asked to include in the comparison with Associated Transport, Inc., exchange carriers? Do you understand my question?

A. Yes; I think I do. If I get the question right, they are in a position now and will be from here on to interchange freight with any carrier they may see fit. They are in a position to restrict, of course; under the Act they do not have to exchange freight here or there with any carrier they do not see fit to.

Q. I am afraid I did not make myself quite clear. If you are comparing the services rendered by Mason & Dixon, in conjunction with all of its exchange carriers, as the total area, compared to the services rendered by Associated Transport, Inc., as proposed, with all of its exchange carriers, would the territories be equivalent?

A. Well, the territories would be about the same, but I would say that if this consolidation comes about, naturally and no
1355 doubt it would be in a more desirable position than any other small carrier operating as he is today.

Q. Is it not a fact that if you include the exchange carriers, with the area which any medium or large sized carrier may have, they now serve practically all of the area here concerned?

A. Well, he would take in, I will say, more than 50 percent of the territory throughout the eastern seaboard.

Mr. MACDONALD. That is all.

The WITNESS. That is now served by any other carrier.

Mr. MACDONALD. That is all.

The WITNESS. When I mention that—pardon me—it takes in the far southwest, down the river to New Orleans.

Exam. BAKER. Is there any further cross-examination?

Mr. MILLER. I have a few more questions.

Redirect examination by Mr. MILLER:

Q. Mr. Dempsey, in selecting a connecting carrier, what factors does Mason & Dixon take into consideration?

A. We have never used any particular formula for selecting interchange carriers. Our rates are wide open. We participate in through rates without any exceptions at all throughout this vast territory involved in this case.

Q. Does Mason & Dixon consider the financial responsibility of a connecting carrier?

A. We always have to watch the financial responsibility
1356 of every carrier.

Q. Does it consider the services that carrier can render?

A. Service is one of the main things that are scrutinized closely.

Q. Do you investigate as to whether or not the carrier maintains a terminal in the town of your interchange point?

A. Oh, yes. That is necessary, of course.

Q. Has it been your experience that a small, one-vehicle carrier, say, or up to a five-vehicle carrier, can render a very attractive service over an extensive territory?

A. Well, I would not say that it could, over an extensive territory.

Q. Now, in connection with the extension of the Mason & Dixon Lines into Mr. Horton's "back yard," do you recall whether or not Mr. Horton made any opposition?

A. Do you mean in the acquisition of those lines?

Exam. BAKER. I do not feel that that is material, Mr. Miller.

Mr. SULLIVAN. The net result was that it did not do him any good, if he did so.

By Mr. MILLER:

Q. Does Transportation, Inc., operate into New England territory or into New York State?

A. No; they do not.

Q. But they do operate into Tennessee?

A. Yes.

1357 Q. And they serve points there that the Mason & Dixon Lines serve; is that correct?

A. They are one of our largest competitors in the state of Tennessee, from there on down to Atlanta, Georgia.

Q. Would you say that the freight which you are turning over now to Transportation, Inc., is mostly freight originating at points which Transportation does not serve?

A. The interchange of freight?

Q. Yes.

A. Oh, yes.

Q. The Mason & Dixon Lines employ a few solicitors, do they not?

A. Yes; they do.

Q. Is the solicitation staff under your supervision?

A. Yes.

Q. And has it been your purpose, as far as possible, to increase the amount of freight handled by the Mason & Dixon Lines?

A. Oh, yes; every day.

Q. And in the past you have been successful, would you say?

A. Well, fairly.

Mr. MILLER. That is all.

Mr. SULLIVAN. Just one question.

1358

Re-cross-examination by Mr. SULLIVAN:

Q. When you say "well, fairly," do you say that because of your natural modesty, or have you only been fairly successful?

A. Well, being of a modest nature, I would have to admit that we have just been fairly successful.

Q. Do you mean that is because you are ambitious to do greater things, and you regard whatever progress you have made just as a sort of stepping stone?

A. Were it not for our ambitions, God help us!

Exam. BAKER. Come to order.

Mr. SULLIVAN. That is all.

Exam. BAKER. The annual reports will reflect the gross operating revenues of the Mason & Dixon Lines.

Mr. JOSELOFF. Mr. Examiner, May I ask just for clarification of one or two prior questions—

Mr. MILLER. Mr. Examiner, I submit that Mr. Sullivan here has done his utmost to exhaust the witness.

Mr. JOSELOFF. Well, I agree that to have more than one counsel, either way, might be unfair.

Exam. BAKER. In view of the objection, applicants should confine their questions to those asked by one counsel.

Mr. JOSELOFF. Very well. I will ask Mr. Sullivan, then, if he will ask the question [conferring with Mr. Sullivan].

Mr. SULLIVAN. I do not think we need to.

1359

Exam. BAKER. Mr. Dempsey, I requested that you furnish some data with respect to the total tonnage handled during

the seven-month period January 1 to July 31, 1941, by Mason & Dixon Lines, Inc. Will you also include the tonnage interchanged at Atlanta and New York City with carriers other than the carriers involved in this unification. By that, I do not mean to give us the tonnage for each carrier, but the average tonnage interchanged with all other carriers involved in this unification.

The WITNESS. I will be glad to do it, sir.

Exam. BAKER. You mentioned, I believe, that you interchange with Consolidated and Transportation, Inc. Are they the only two of the eight carriers here involved with which you interchange?

The WITNESS. No, sir; there are not the only ones, Mr. Examiner.

Exam. BAKER. What other carriers do you interchange with? I believe it has been testified you interchange with Moran on certain commodities.

The WITNESS. Arrow Carrier.

Exam. BAKER. Is that substantial?

The WITNESS. I wonder if I could have the names read off, and I can answer it that way.

Exam. BAKER. Yes. Off the record for a moment.

(Discussion off the record.)

1360 Exam. BAKER. Back on the record.

The WITNESS. Consolidated, Transportation, Arrow Carrier, to some extent with Moran, and to some extent with South-eastern.

Exam. BAKER. You mentioned, I believe, that you had received, during the period indicated, from Consolidated Motor Lines something in excess of 1,000,000 pounds of freight. Could that freight have been carried to destination by any one of the carriers involved in this proposed unification?

The WITNESS. You speak of the 1,151,910 pounds?

Exam. BAKER. That is correct?

The WITNESS. Yes; a large percentage of it could have been on interchange at Atlanta. Most of that is competitive with those involved in the consolidation.

Exam. BAKER. Perhaps I have the wrong figure. What was the amount of freight that you received from Consolidated at New York through interchange?

The WITNESS. Received from Consolidated in New York for that period, 1,274,126 pounds.

Exam. BAKER. That is the particular traffic I had reference to. Now, with respect to that traffic, Consolidated could have delivered that traffic to any of the others here involved, could it, for delivery to the consignee instead of to the Mason & Dixon Lines?

The WITNESS. I venture to say that every pound of it could have moved by some other carrier.

1361 EXAM. BAKER. In view of your remarks with respect to the attitude of Consolidated with respect to the Mason & Dixon Lines, can you explain why they delivered this large amount of traffic to your company?

The WITNESS. What I was driving at was this: We work hard to secure routing orders, and we secure these routing orders in connection with our lines, of course, as the delivering carrier.

EXAM. BAKER. Well, was it because the shipper specified the routing over your line?

The WITNESS. That is what we worked towards. I wouldn't say that every pound of this was like that, but we do try to get all this business routed that we possibly can.

EXAM. BAKER. Would you state that, on the majority, at least, of that traffic, the routing was specified by the shipper over your line?

The WITNESS. I feel that way about it. I would not like to make that as a definite statement until I have had an opportunity to analyze each and every one of these bills.

EXAM. BAKER. Well, do you feel that the shippers whose patronage you presently enjoy through interchange with Consolidated would be likely to change the routing of their shipments in the future from Mason & Dixon Lines?

The WITNESS. It may not be the attitude so much of the shipper in that respect, Mr. Examiner, but it would be the
1362 attitude of the connecting carrier. It stands to reason that any company is going to haul the freight all of the way it can.

EXAM. BAKER. Perhaps I can shorten this, Mr. Dempsey. What I have in mind and am referring to now is the traffic in excess of 1,000,000 pounds you have received from Consolidated. I believe you stated that it is Consolidated's inclination to favor the other carriers involved in this unification. If that is the case, of course, there would be no change in the situation in that respect after the unification; so what I wanted to ascertain is whether you feel that after the unification you are going to lose all of that 1,000,000 pounds of freight for a comparable period, which you received during the seven-month period indicated?

The WITNESS. Yes, sir; we do feel that we will lose the majority of it.

EXAM. BAKER. Do you feel that you would lose it by reason of the fact that the originating carrier would not follow the shippers' directions, or do you feel that the shippers would specify other routing?

The WITNESS. Some of both, but on the majority of it, the inclination would be that they would disregard the routings. May I go on and add—

Exam. BAKER. No; not on that subject.

The WITNESS. It is in answer to the same question, if
1363 you will permit me, please.

Exam. BAKER. Very well.

The WITNESS. That wherever a carrier—and the Mason & Dixon Lines is no exception—can get a line on a piece of traffic, then they go in and do their very best to get the routing changed.

Exam. BAKER. Have you interchanged at New York with any other carrier serving the New England territory?

The WITNESS. Yes.

Exam. BAKER. In connection with the shippers' routing of all of this merchandise by way of Mason & Dixon Lines, how does it come about that the shipper specifies your company? Is it because your solicitor has approached those companies for the business?

The WITNESS. It is because of our activity with receivers of this freight in the south, that we get them to route, to write them and ask them to route by Mason & Dixon—care of Mason & Dixon Lines.

Exam. BAKER. Well, can not your solicitor ask that this business be routed by some company other than Consolidated and Mason & Dixon Lines?

The WITNESS. In some cases; yes.

Exam. BAKER. In the majority of cases?

The WITNESS. But not in all, by any means.

Exam. BAKER. Would you say in the majority of cases?
1364 The WITNESS. No; I would not say in the majority of cases could that be accomplished.

Exam. BAKER. Well, why could it not?

The WITNESS. Because of the vast coverage of Consolidated Motor Lines.

Exam. BAKER. So far as the principal points in New England are concerned, it would be possible to make connections with another carrier; would it not?

The WITNESS. Well, some of them. I was just trying to think which ones could not be. I can not think of any principal points in New England that are not touched by Consolidated.

Exam. BAKER. Can you think of any principal points in New England that are not touched by some carrier other than Consolidated and McCarthy?

The WITNESS. No; I can not think of any in New England.

Exam. BAKER. With respect to your statement that you would

be at the mercy of Associated Transport with respect to the division of revenues, could you not enter into other routings and joint rate arrangements with other carriers with which you could make appropriate agreements with respect to a fair division of the revenue?

THE WITNESS. To the extent of the territory they serve and the traffic that we interchange with them. That is done today.

EXAM. BAKER. Assuming that there were other carriers 1365 serving the points involved, you could make arrangements with those carriers, could you not?

A. Yes; but the point is that with a combination such as this, and controlling the traffic that they do or possibly would, the division angle of it would come in more severely.

EXAM. BAKER. Do you feel that there would be any likelihood in case this unification were approved and consummated of carriers so operating in New England into New York City, which presently might be delivering interchange traffic to Horton or Barnwell, after consummation of the transaction, changing their interchange carrier to some carrier outside of the unification? Perhaps my question is not clear.

THE WITNESS. I think it is, sir. That is in existence today.

EXAM. BAKER. What I had in mind is: Do you feel that Horton and Barnwell might lose some of the business that they are presently receiving through interchange at New York and transporting it into the south?

THE WITNESS. They might lose some, but right today—and that is the point I was making—they do not interchange with Keeshin, for instance, and Seaboard Freight Lines, at New York. Their tariffs are restricted.

EXAM. BAKER. In case a New England carrier were presently interchanging with Horton, and this proposed unification were approved, in view of the fact that Associated Transport 1366 would be in competition with that New England carrier, would it not be likely that that carrier would tend to deliver any goods under his control to a carrier other than Associated Transport?

THE WITNESS. That is true, if he could get a better division deal.

EXAM. BAKER. Everything else being equal, he would be inclined to deliver it to some other carrier, would he not, that was not a competitor of his?

THE WITNESS. That was not a competitor, sure; no doubt he would.

EXAM. BAKER. In other words—

THE WITNESS. He would be in that same position with any of the rest of us from those points that are competitive with him.

Exam. BAKER. In other words, while Mason & Dixon Lines might lose some traffic that they are presently enjoying, through the consummation of this unification, is it not likely that they would also obtain some traffic that they have not been enjoying?

The WITNESS. I do not think so, and that is why I mentioned the fact that the tariffs are restricted at the present time. The Seaboard Freight Lines, part of Keeshin, is one of the largest operators in the New England territory, and I know right off-

1367 hand that their rates are restricted insofar as Barnwell and Horton go. Now, there may be others operating in and out of that territory. Adley—his freights are restricted in favor of Horton, I believe it is, but that is only one carrier. Now, there may be others that I could look up and give you the complete low-down on as to restrictions in the tariff.

Exam. BAKER. Let us take Adley. As I understand it, the testimony shows that Horton does presently interchange considerable freight with Adley, and that Adley operates over a substantially wide area in the New England territory, and if this unification were approved, then Horton and Consolidated would, of course, be under common control. Would there not be a tendency on the part of Adley to find another connecting carrier than Horton or Associated Transport?

The WITNESS. I doubt it seriously, Mr. Examiner, because of my past experience with Adley in my efforts to get them to go along and play with us in through rates. They never have done so up to now.

Exam. BAKER. You mentioned, I believe—

The WITNESS. And I can see no reason why he should change his attitude.

Exam. BAKER. I believe you mentioned that there were certain disadvantages in turning over traffic to competition; that is, if Adley turned over his traffic to Associated Transport at New York, for transportation further south, then, naturally, Associated

1368 Transport would learn of details with respect to his customers and would be in a position to solicit those customers in the New England area at the points of origin. Would not that incline Adley to stop turning over traffic to Associated Transport, Inc.?

The WITNESS. It may. I am not familiar at the moment with just the points of the territory served by Adley, as compared with that served by Consolidated and McCarthy.

Exam. BAKER. Of course, I am only considering the territory where Adley operates.

The WITNESS. Yes. It may be that he will change his attitude. I can only speak from what I know has transpired in the past.

Exam. BAKER. Can you state, in dollars and cents, the likely effect which the consummation of this transaction would have upon **Mason & Dixon Lines?**

The WITNESS. No, Mr. Examiner; I am not able to state it in dollars and cents. Of course, as to the loss, as we see it, of actual traffic and the control of traffic for the future because of a consolidation of this kind is really quite serious with us, but that is really not the only fundamental part that we are looking at.

Exam. BAKER. Well, you have stated, I believe, that it will have an adverse effect upon you. What I would like to ascertain is the extent of the adverse effect which it would have. Would it
1369 cause you to go into bankruptcy; would it cause you to reduce your service, or would it cause you to increase rates, or just how would it affect you?

The WITNESS. More than likely—and that is exactly what we are afraid of—it would affect us to the point that anyone controlling—I am forgetting the amount of tonnage, but the buying power of an organization the size of this kind would be such that we would be at a very serious disadvantage out in the open market in buying supplies, as compared with their buying power and capacity. That is one thing. Let us take the insurance angle. That is a very expensive proposition for all motor carriers. They will be in a position—perhaps, maybe, even now some of them are—but they would be in a position to do their own underwriting, and that might possibly have some bearing on the effect upon our operations.

Then, coming right along down the line, to the selling of preferred stock to the public. The only thing that I can see insofar as the public is concerned—and it may be lawful and matter of law, of course—that is something that is left entirely to the Commission to decide, and we have confidence that they will do it, and whenever they begin to sell stock to the public, it may be the shipping clerk or who, and naturally through that devious means they are going to even control more traffic than they are through the mere consolidation that we have been talking about.

Mr. SULLIVAN. Am I going to be permitted to cross-
1370 examine on this sort of performance that he is giving now?

Exam. BAKER. Does that complete your statement?

The WITNESS. No, sir; I did have something else to say in answer to that question.

Exam. BAKER. The answer is not directly responsive to the question. My question is the extent to which this would adversely affect your company, not to go into details as to all the disadvantages, but have you any estimate as to how much it is going to affect your company? That is what I was trying to get at.

The WITNESS. Your Honor, that is the way I endeavored to answer your question, by making the statement that I have.

Exam. BAKER. Well, you may proceed. Perhaps that answer will bring it forth.

The WITNESS. These are some of the things that these at least 22 motor carriers, that we have intervened in behalf of, have in the back of their heads.

When they speak of passing economies on, there are none of us that want to fight unity. We believe in that, but not to the extent of smothering small businesses, and we see in this the possibility leading on to passing out the economies that might be derived from this, a question that we are not going to admit that they can do, because none of us knows, but if the economies are arrived at, to whom are they going to pass them along, if it is to be done in the public interest?

1371 **Exam. BAKER.** As I follow your statement, it is really argument, Mr. Dempsey. I want the facts.

The WITNESS. Well, I was just trying to answer your question as to what was in the back of the minds of those carriers that we are representing, and in answer to your question as to how it was going to affect us financially.

Exam. BAKER. I think your answer—

The WITNESS. What I am saying may be a long way around it, but—

Exam. BAKER. It seems to me a little far afield.

The WITNESS. But there would be only one way to pass on economies, and that would be through reduced rates, and the only way they can reduce their rates would be through their position, to go out and underbuy and finally smother the small operator. That is all.

Exam. BAKER. This witness is excused.
(Witness excused.)

Exam. BAKER. We will adjourn until 9:30 tomorrow morning.
(Whereupon, at 6:15 o'clock p. m., the hearing was adjourned to September 9, 1941, at 9:30 o'clock a. m.)

1372 Before the Interstate Commerce Commission

Docket No. MC-F-1612

ASSOCIATED TRANSPORT, INC.—CONTROL AND CONSOLIDATION—
ARROW CARRIER CORPORATION, ET AL.

Docket No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES
HEARING ROOM "B,"

I. C. C. BUILDING.

Washington, D. C., Tuesday, September 9, 1941.

Met, pursuant to adjournment, at 9:30 a. m., before: Vernon V. Baker, Examiner.

Appearances: (The same as heretofore noted.)

1374

PROCEEDINGS

Exam. BAKER. Come to order, please. You may call your next witness.

C. H. SMITH, being first duly sworn, testified as follows:

Direct examination by Mr. MILLER:

Q. Will you please state your name and address?

A. C. H. Smith, president of Smith Transfer Corporation, Lenoir, North Carolina.

Q. How long has your company been engaged in business?

A. Since 1919.

Q. What are your duties with reference to your present occupation?

A. General manager.

Q. Where does your company operate?

A. We operate from Charlotte, North Carolina, throughout the State; from Hickory, Asheville, Murphy, and Chattanooga; and also from Asheville to Marshall, Hot Springs, Knoxville, Tennessee, and also to Boone, North Carolina.

Q. Is your company a common carrier of general commodities?

A. Yes, sir.

Q. Are you generally familiar with what is involved in this proceeding?

A. I think so.

1375 Q. Do you at the present time interchange with any carriers involved in this unification?

A. Yes, sir; Horton, Barnwell, Transportation, and Southeastern.

Q. At what point do you interchange with Horton?

A. Hickory, and also Charlotte.

Q. Do you interchange a substantial amount of tonnage?

A. Yes; we do. More at Hickory than we do at Charlotte. We have a tractor that is a little larger than we generally use, on account of the weight restrictions in Tennessee, and we pull Horton's trailers from Hickory to Asheville.

Q. Do you interchange with Horton Motor Lines?

A. He furnishes the trailers; we furnish the tractors.

Q. How do you believe that this proposed unification will affect that arrangement?

A. Well, I feel that there is Barnwell and Transportation, and also Atlantic States—they are not in here.

Q. No; they are not.

A. Horton, Barnwell, and Transportation make Asheville. Transportation also makes Knoxville, Tennessee. And I feel that if it goes through we will be eliminated from interchange on Asheville freight and also from connecting lines in Knoxville, Tennessee. I feel that Transportation and Southeastern Lines will have a wider territory to offer connecting lines, one-line haul, further than we can, which will probably affect us.

Q. At what point do you interchange with Southeastern?
1376 A. Boone, North Carolina.

Q. And, generally, where does that traffic that Southeastern turns over to you originate?

A. Well, some of it originates in Knoxville, Tennessee; some of it in the east, some out of Winston-Salem.

Q. Do you know whether or not Horton Motor Lines also serves those points in the east served by Southeastern generally?

A. Yes.

Q. Do you believe that that interchange arrangement will continue in the event this unification is consummated?

A. I do not believe it will. Of course, I have got no way of knowing that it would not.

Q. Do you find that as a matter of policy that a carrier will avoid interchange where it is possible to transport the freight direct?

A. Yes, sir.

Q. As a matter of policy do you find that carriers interchange with their competitors?

A. No; not unless they are forced to.

Q. Why is it, in your opinion, that carriers do not like to interchange with their competitors?

A. Well, it gives them a lead on the freight.

Q. Are you familiar with the practice of motor carriers with their connecting lines which is generally called swapping of freight?

1377 A. Yes, sir.

Q. Will you describe how that works?

A. Well, you try to balance tonnage with them. If you give them a lot of freight, they will try to give you freight as much as you give them.

Q. Do you believe that you will be in a bargaining position with the carriers in this proposed unification in the event it is consummated?

A. I do not think so.

Q. Now, in the event this unification is consummated, and the freight which you are presently interchanging with Horton is diverted to other carriers, what will happen to the tractor which you now use?

A. We will probably have to sell it to somebody. It is too large for us.

Q. Would the elimination of this interchange which you are carrying on with the various carriers involved in this merger affect your business in any manner?

A. Yes; it would affect it some.

Mr. MILLER. That is all on direct.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. MACDONALD:

Q. Mr. Smith, what territory do you serve now that is not served by any of the eight lines in the proposed merger?

1378 A. It is a very small section, what we call the Murphy branch. That runs from Asheville to Murphy and Chattanooga and as far as Bryson City, 50 or 60 miles that way.

Q. Not Chattanooga?

A. No, sir.

Q. Do any of the lines in the unification go to Chattanooga?

A. I don't think they do.

Q. Insofar as that particular branch is concerned, then, you will still have one route upon which you could receive exchange business if it were offered to you?

A. It would be part of one route.

Q. The exchange business which you are now getting is carried over what routes?

A. What we are getting goes over our entire system.

Q. So that the transfer business you receive, or at least the need for any carriage by you of transfer business, will be restricted to this one route to Chattanooga?

A. That is the way I feel about it; yes, sir.

Q. Can you indicate, if you feel that it is not against your best interests as a business man, the amount of tonnage which you do interchange at these principal points you mentioned?

A. On an average of eleven, twelve hundred dollars a month, our part of the haul.

Q. That refers to the business you receive from Horton at Hickory?

1379 A. That is right; Hickory and Charlotte.

Q. What have you to say regarding the business you receive from Southeastern at Boone?

A. I couldn't tell you on that. Sometimes it is pretty good and sometimes it is not such an awful lot on interstate. That is, from the east.

Q. You mentioned interchanging with Barnwell. I believe. Will you indicate where that takes place?

A. Mostly in Charlotte. We do not have so awful much to interchange with Barnwell.

Q. Barnwell plus Transportation serve the territory you serve pretty completely, do they not?

A. That is right; yes, sir.

Q. And Barnwell and Transportation do have exchange agreements even so far as interchanging trailers; is that right?

A. I think so.

Q. You mentioned interchanging with Transportation. Can you indicate at what point that takes place?

A. At Asheville.

Q. I do not believe you distinguished between business received from and business turned over to these lines. Does any of this exchange consist of any freight you turn over to them?

A. Yes; but I couldn't tell you just exactly how much. Horton, of course, gives us quite a bit more tonnage than we give him.

Q. The freight which you turn over to them is destined 1380 for what territory?

A. Going to the east.

Q. By that you mean the Pennsylvania-New York district?

A. That is right.

Q. Have you ever had any discrimination in the matter of exclusions or limitations in tariffs affect your business?

A. No; I would say not. We are restricted to certain classes going to the east, on account of not enough money for the haul. I guess.

Q. In regard to the exchange business which you deliver to them going to the east, have you been satisfied with the share of the through tariff which you have been receiving?

A. Yes, sir.

Q. And you do anticipate that you may lose this business if the unification is consummated?

A. I feel that I will; yes.

Mr. MACDONALD. That is all.

Exam. BAKER. Any further cross-examination?

By Mr. SULLIVAN:

Q. How much of that business is routed by the shippers? Do you know?

A. I couldn't tell you.

Q. Well, is some part of it routed?

A. I have an idea it is; yes.

Q. And do you solicit business for your lines from customers in your territory?

1381 A. Yes, sir.

Q. And you try to get those customers to—well, the business you get, they send over your lines and that is automatically routed over your lines?

A. Yes.

Q. Now, do you try to have those customers route freight over your lines when it is coming into the territory?

A. Yes, sir. Over our lines—you mean coming from the east?

Q. Yes.

A. We are asking to route it by Horton and our lines.

Q. You ask to route it Horton and your lines?

A. That is right.

Q. And at least to some considerable amount they do that?

A. That is right.

Q. And you would expect to continue asking them to route it after this acquisition is effected, if it is effected?

A. If we still have an interchange agreement; yes, sir.

Q. Well, if you had an interchange agreement with someone else—

A. We would try to change to another line.

Q. You would try to take the business away from Horton, unless he was treating you right?

A. Yes.

Q. One thing I wanted to ask you about, sir, which I see in my notes. You say that truck lines dislike interchange where
1382 they could serve a territory direct. Does Horton interchange with anything that he can serve direct?

A. No, sir—yes; he does, too. In Charlotte he interchanges some Hickory freight with us, that he could serve direct, but we have a quicker schedule than he does; that is the reason.

Q. So apparently the business you were able to get was because you give a better service to the public than he can give?

A. Some places; yes.

Q. And in order to satisfy the shipper he sends the freight over your line, because it is quicker?

A. That is right.

Q. Now, then, you mentioned Chattanooga. Aren't there some defense industries presently at Chattanooga?

A. I think there are, and probably some going in, too.

Q. There are several plants being built there, are there not?

A. Yes, sir.

Q. And no lines in this proposed merger have rights to Chattanooga?

A. I do not believe they do.

Q. Are there any other lines, other than yours, running to Chattanooga from Asheville or any of those interchange points?

A. Yes, sir.

Q. So that the companies in Associated Transport would have to either ship over your line or make a connection different from that which they use now in order to get to Chattanooga?

1383 A. Probably so.

Q. And that leaves you in a pretty good strategic position so far as they are concerned, doesn't it?

A. In only a section, from Bryson City to Chattanooga.

Q. Well, if they want to get freight to Chattanooga, if they get customers who want to get freight to Chattanooga, you give—I mean we are just looking at this—you give the best service to Chattanooga. I assume you have.

A. I have got as good a service, I feel, as the rest of them.

Q. So that you are in a position where, if they did not give you a reasonable break in the freight somewhere else, you would probably be a little less interested in taking the freight for them to Chattanooga, wouldn't you?

A. Well, I don't know.

Q. Well, I mean—let us put it this way: Do you think there is any likelihood that you would deprive them of this connection to Chattanooga if this merger is approved?

A. No; I wouldn't think so.

Q. Pardon?

A. I said no; I wouldn't think so. I would not deprive them.

Q. You have it within your power to do it, though, haven't you?

A. Well, to a certain extent, if you can get your customers to agree to it.

Q. Well, that is freight to Chattanooga, isn't it?

A. Not necessarily.

1384 Q. Your customers mostly?

A. We have three or four competitive lines going into Chattanooga.

Q. I mean the freight presently being handled in and out of Chattanooga is principally freight that you control?

A. Well, we don't handle traffic in and out of Chattanooga with any of the eastern carriers.

Q. Why is that?

A. I don't know whether there are any moving any that way or not.

Q. By the eastern carriers you mean Horton—

A. That is right.

Q. Barnwell, and so forth?

A. That is right.

Q. Well, have you ever made—I mean you maintain solicitors who go to Chattanooga to see the customers, don't you?

A. Surely.

Q. Have you ever made an effort to get freight from the east to Chattanooga?

A. Not to a great extent.

Q. Well, whatever freight there is going in and out of there—that is, at least theoretically—it is within your power to get and control?

A. If some other competitor don't beat you to it.

Q. There are other competitors in that territory that
1385 make it difficult for you to get the freight?

A. That is right.

Q. What is your gross annual volume for 1940, let us say?

A. You mean in dollars and cents?

Q. Yes.

A. Oh, it runs somewhere around \$32,000 a month; in the neighborhood of that, I couldn't give you the exact figure.

Q. How many lines do you interchange with altogether?

A. Seventy-five or eighty.

Q. Seventy-five or eighty?

A. Yes.

Q. Is Mason and Dixon one of them?

A. Very little with Mason and Dixon.

Q. But you do interchange with Mason and Dixon?

A. Some; yes.

Q. And Mason and Dixon serve Chattanooga, do they not?

A. That is correct.

Q. So, at least so far as you are concerned, you do interchange with competitors?

A. Some interchange with competitors at points that they do not serve, that they may be competitive to some other point that we serve.

Q. You feel that it is in the interest of the shipper to have the best and most improved service possible?

A. That is right.

1386 Q. Do you feel that if this merger would result in the improved service to the shipper over a wide territory all the way up the Atlantic coast—you feel that, regardless of the fact that it did result in improved service, the merger should be denied by the Commission because of any fear that you presently

have that you might lose some of this interchange business with Horton?

A. I am not testifying to try to get it denied; just the possibilities where it can affect me.

Q. Well, as I understand you, then, Mr. Smith, you do not mean by your testimony that you are here as a protestant advocating that this be denied; you wish to bring to the attention of the Commission that there is just one thing that concerns you and that is that you might lose some freight which you presently enjoy through a connection with Horton and, to a lesser degree, some others?

A. That is exactly it.

Mr. SULLIVAN. Thank you very much, sir.

Mr. MILLER. I believe I stated that that was to be the purpose of all my witnesses.

Mr. SULLIVAN. We finally got together.

Redirect examination by Mr. MILLER:

Q. Has your interchange with Horton and others been profitable?

A. I think so.

1387 Q. Now, getting back to this Chattanooga picture, what is the logical gateway for service from eastern points to Chattanooga?

A. I would say through Roanoke, Virginia, and down the valley there, down to Knoxville.

Q. Down to Knoxville?

A. That is right.

Q. Now, how do you reach Chattanooga from Knoxville?

A. Well, we do not reach Chattanooga from Knoxville; we would have to go back to Asheville and then to Chattanooga.

Q. That would be a circuitous route?

A. Yes.

Q. So you never felt that you have been in the competitive picture insofar as traffic from the east to Chattanooga is concerned?

A. No.

Q. That is the reason you have not solicited that freight?

A. That is right.

Q. I believe you stated that you also operate in intrastate commerce.

A. Intrastate in North Carolina; yes, sir.

Q. And is that more or less a local service?

A. That is right.

Q. Do you know whether or not the shippers have found that service of considerable value to them?

A. Yes, they have.

1388 Q. Is your intrastate business, apart from the interstate business, sufficient enough to maintain your operation?

A. Not with the same amount of equipment we have; no, sir.
Mr. MILLER. That is all.

By Mr. SULLIVAN:

Q. You do not mean to imply, do you, that all your interstate business is interchange business?

A. Oh, no.

Exam. BAKER. Mr. Smith, do you interchange equipment with any other carrier than Horton?

The WITNESS. No, sir. We have a few times on machinery, something like that, where we take another fellow's trailer and pull it to destination, where it is almost impossible to rehandle it from his trailer to ours. Just a few times; not to any great extent.

Exam. BAKER. You mentioned the figure of \$1,100 as being the amount of interchange with Horton. Was that \$1,100 a month?

The WITNESS. Yes; on an average.

Exam. BAKER. Does that represent entirely business received from Horton, or does it represent business received and delivered?

The WITNESS. Received and delivered to him, the whole interchange, what we give him and what he gives us.

Exam. BAKER. What proportion of that \$1,100 represents business received from Horton?

The WITNESS. I couldn't hardly tell you. I just don't
1389 know. He gives us quite a bit more than we give him.

Exam. BAKER. Would you say 60 percent?

The WITNESS. It may run more than that. I expect it runs more.

Exam. BAKER. What is the total volume involved in your interchange with all of the carriers involved in this unification? Could you give us an approximate figure on that?

The WITNESS. No, sir.

Exam. BAKER. Of that \$1,100, is any part of the business involved destined or originating at points which none of the carriers involved in this proceeding could serve?

The WITNESS. It might be a little of it, but very little, because they would not be competitive to me, as I said, from Bryson City to Murphy, which is mostly receiving points instead of shipping points.

Exam. BAKER. With respect to the amount received from Horton Motor Lines, could you approximate in any way the amount of that, or the proportion of that which is routed by the shipper over your line?

The WITNESS. No, sir; I could not. We are working very close together, and his solicitors come in our territory, and he gives us all routed and unrouted, too, in the territory, and I don't know just what percentage would be routed.

Exam. BAKER. What would be the effect on your company if you lost all of the business which is now interchanged with 1390 the carriers involved in this unification?

The WITNESS. Probably I would have to put off some equipment, some employees.

Exam. BAKER. How much equipment?

The WITNESS. I could hardly say. I don't know. I know we would have to put one tractor off. It is too large to go to Tennessee, on account of the weight restrictions in Tennessee.

Exam. BAKER. How many employees would you have to put off?

The WITNESS. I don't know.

Exam. BAKER. How many units of equipment do you presently operate?

The WITNESS. We have 63.

Exam. BAKER. And you feel it would be necessary to put off one unit of equipment if you lost all of this traffic?

The WITNESS. Yes; we would have to cut one at least, and maybe more; I couldn't say at the moment.

Exam. BAKER. What is your best estimate?

The WITNESS. I would say two or three.

Exam. BAKER. What effect would that have upon your ability to render service to the public?

The WITNESS. Well, I don't know as it would have any great effect on it. We have other freight that is going into that same territory that would not be cut off—taken all away from us.

1391 Exam. BAKER. Thank you, Mr. Smith.

Witness excused.

(Witness excused.)

Mr. MILLER. Mr. Lewis:

W. D. LEWIS, being first duly sworn, testified as follows:

Direct examination by Mr. MILLER:

Q. State your name and address, please.

A. W. D. Lewis, High Point, North Carolina.

Q. What is your occupation?

A. Vice president, Lewis & Holmes Motor Freight Corporation.

Q. How long have you been engaged in that capacity?

A. Well, in that particular office four years. I have been engaged in Lewis & Holmes since ten years.

Q. What are your duties with reference to your present occupation?

A. General.

Q. What do you mean by that? Are you in the operating department?

A. All of it.

Q. All of it. How long has your company been engaged in business?

A. Since 1929.

Q. Is it a common carrier of general commodities?

A. It is.

1392 Q. Where does it operate?

A. It operates in North and South Carolina and Georgia.

Q. Are you generally familiar with what is involved in this proceeding?

A. Partly, the southern part, that part included in our territory, I would say.

Q. Are you generally familiar with the operations of Barnwell Brothers, Horton Motor Lines, Southeastern Motor Lines between the east and the south?

A. Not so much between the east and the south as the territory we operate in.

Q. Within the south?

A. Within the south.

Q. Does your company engage in interchange with other common carriers?

A. It does.

Q. What percentage would you estimate of your tonnage is interchanged with other carriers?

A. Sometimes it runs a little better than 50 percent, sometimes a little under, most of the time a little over.

Q. Do you consider such interchange traffic desirable?

A. Well, it is, you might say, vital, although there is some of it worthless, but as a whole it is vital to our being in business.

Q. What are your company's principal points of interchange?

1393 A. High Point, Greensboro, Winston-Salem, Charlotte, North Carolina; Greenville and Columbia, South Carolina; Augusta and Atlanta, Georgia.

Q. Does your company now interchange traffic with any of the carriers involved in the proposed unification?

A. It does.

Q. Do you believe that such interchange with your line will be continued if this proposed unification is authorized?

A. Personally I don't think it would, except for those points not served by any member of the consolidation.

Q. Could you name those points that you serve that you know are not served by either Barnwell, Horton, or Southeastern?

A. Or Transportation?

Q. Or Transportation.

A. There is some territory in South Carolina that we serve that none of those serve. The only territory we have that none of those serve is Columbia and Augusta, I believe.

Q. Is your company a competitor of Transportation?

A. To a great extent. Transportation is in competition with us over our entire operation, except from Charlotte to Columbia and Augusta.

Q. Would you mind naming the carriers involved in this proposed unification with whom you interchange?

A. We interchange with Barnwell Brothers, and Southeastern, and Transportation. And I don't know whether you call it 1394 interchange with Horton or not; we do originate some freight that is routed over his line, but he has to pay us the local rate, because he has us restricted in the tariff.

Q. Would you say that the combined operation of Horton Motor Lines, Barnwell Brothers, and Transportation will substantially reach every point served by your company?

A. No; it would not reach all of them. They would serve—they would have pretty good coverage over the same territory we do.

Q. Would you be able to estimate how much tonnage that you originate in the south and turn over to, say, Barnwell Brothers?

A. Well, that would be very, very small. I don't know of hardly anything unless we have a movement on occasion that is routed by them, and sometimes we get hold of shipments that want some good service in the east.

Q. Would your company look with favor upon interchanging freight with a carrier competitor?

A. Well, that all depends on the circumstances. We do interchange with our competitors, but only in cases where we know we are protected, either we control the routing or else the shipper has such control over his movement that he can see to it that the competitive line gives that to us.

Q. Why is it that you do not favor the interchange with your competitors? Just state the reason.

A. Well, when you turn over your shipments to your competitor serving the same points you do, originating freight from the same points you do, you are giving him a pretty good lead. And, after all, that is what they are paying me to find—leads, and there is no need to just donate them.

Q. Are you familiar with the general custom followed by motor carriers with respect to what is termed swapping freight?

A. As it applies in our immediate territory, I am familiar with it.

Q. Do you interchange with a substantial number of carriers at Atlanta, Georgia?

A. We do.

Q. And, to your knowledge, does Horton Motor Lines also interchange with those same competitors?

A. They do.

Q. And Horton Motor Lines serves points in North Carolina and South Carolina that you also serve?

A. That is right.

Q. Now, in the event that this unification is consummated, how will your position compare with that of the unified carriers with respect to swapping freight in Atlanta with those carriers with whom you presently interchange?

A. Well, at the present time some of those carriers in Atlanta—we have some carriers operating out of Atlanta intrastate who can serve a pretty good territory in Georgia that no one else serves, and naturally Horton and Transportation and Lewis, & 1396 Holmes and all of us have to give that one line that freight.

We don't have any choice. And in return that one line has got to divide his unrouted business to give us anything in return. And it has been our experience in the past that Horton, without being combined with Transportation and all these others, has been able to have enough tonnage, where he could have routing control over some few of these lines as to the division and revenue, and also in demanding so much in return also makes a hardship on us, that what these lines bring in to interchange with Horton had to be of the higher rated commodities, because we have the lower rated restricted, and, of course, there isn't any reason in the world, legally why we couldn't restrict it, too, but being right in the immediate territory and associated with the shippers, we don't favor any classes of commodities where we are in contact with the shippers, and also they have enough volume now without having any added strength in connection with some of those lines there whereby they receive the advantage over us in that this connection there in Georgia—we only have one serving the territory—

will accept this division with 20 percent or 15 percent minimum, whereas they hold us to 25 percent minimum.

Q. If this unification is consummated, would there be any effective means for the unified carriers to discourage your company from interchanging freight with it?

A. Oh, yes. I think it would be the same thing they have 1397 now, only it will just be stronger.

Q. What means do they have now?

A. Well, they have the means of placing restrictions in the tariff whereby certain published rates will not apply over their line in connection with only certain carriers. Our name doesn't happen to appear there in some cases.

Q. Have you ever received any competition from a carrier known as Howard Hall Company?

A. No, sir.

Q. Jack Cole Company?

A. No, sir.

Q. Are you familiar with any of their operations?

A. Well, I see their trucks and have been in meetings with them.

Q. But you do not consider them competitive in the territory in which you operate?

A. I never have heard of them bothering anything we were handling.

Mr. SULLIVAN. Is that material, Mr. Examiner?

Exam. BAKER. That is in connection with the testimony of the applicant introduced with respect to those companies, to develop whether or not the companies which applicant has named are actually competitive in the field involved.

Mr. SULLIVAN. Competitive with him or competitive with Horton and Barnwell?

Exam. BAKER. Well, if he operates in the same territory 1398 as Transportation and some of these others, it would indirectly be relevant.

Mr. SULLIVAN. All right. I withdraw the objection.

Exam. BAKER. You may develop the details.

Mr. SULLIVAN. That is what I have in mind.

By Mr. MILLER:

Q. Is your company competitive with the McLean Trucking Company, Inc.?

A. Not that I know of. We have had some—handled freight in connection with McLean. That was on a local rate.

Exam. BAKER. You might clarify what you mean by your company not being competitive with a particular company. By that do you mean that they do not operate in the same territory as

you or that you have not felt their competition in connection with the business you handle?

The WITNESS. I mean that—I do not mean to say where they operate, or anything. I suppose they operate—in fact, I know the ones he has mentioned so far operate into or out of the same territory we are in, but that whatever they haul is not, or at least we do not run into the same thing in our solicitation or handling. In other words, I do not know of any tonnage we have ever lost because of those operators.

Mr. SULLIVAN. I suggest, Mr. Examiner, that with that sort of an answer it can't possibly be relevant.

Exam. BAKER. I feel it is relevant. You may proceed.

1399

By Mr. MILLER:

Q. Are you familiar with the operation of Hooks Motor Line?

A. Yes, sir.

Q. Where are his headquarters located?

A. High Point, North Carolina.

Q. Do you know whether or not this carrier is engaged in the local transportation of freight, say, between Charlotte and Greensboro or Charlotte and High Point interstate?

A. Engaged in the transportation of local freight between Charlotte and Greensboro?

Q. Interstate freight between Charlotte, Greensboro, and High Point.

A. Shipments that move between Charlotte and Greensboro that are interstate shipments?

Q. Right.

A. I am not in position to say definitely that he is, but I believe he is. I can't say definitely, because I don't know that to be a fact.

Q. If you know, principally what commodities does Hooks Motor Line transport?

A. To High Point?

Q. Yes.

A. I am more familiar with High Point than any other place.

Q. All right.

A. Well, moving north, as we call it, he handles the majority of the furniture from that section. I don't know what he gets from the connecting lines.

Exam. BAKER. Does he transport other commodities than furniture?

The WITNESS. Yes, sir. So far as I know, he transports general commodities, but just as it applies to High Point his business around there is mainly furniture. The reason I say that is I

am acquainted with the fact that he uses open top trucks, because we have some interchange business with him, and when it comes to our miscellaneous freight we don't like to give it to him; we give it to some others going up east that use different type of equipment, handle different type of freight in the majority.

Exam. BAKER. Thank you.

Mr. MILLER. That is all the questions I have.

Cross-examination by Mr. MACDONALD:

Q. Mr. Lewis, you mentioned that in Georgia, particularly out of Atlanta, there is a situation in which only one carrier seems to be serving in one route. Will you explain why that is so?

A. Well, out of Atlanta you have these intrastate operations under the supervision of the Georgia Public Service Commission, and, as I say, there are some whom they don't permit anyone else to have a franchise over that same route, and there are others that permit as many as two, but there are still those
1401 that have one.

Q. And that applies to business which would be landed at Atlanta for distribution intrastate throughout the state; is that right? In other words, does it affect the interstate carriage?

A. Well, there is a question there in Georgia where an interstate carrier operating through those towns can move interstate shipments from, say, Atlanta to those points, even though his particular part of the haul does not move in and out of the State, but the shipment just come from out of the State which the Georgia Public Service Commission says we cannot do. But that is the question that I do not know about.

Q. You mentioned that some of this exchange business—I believe you stated you were held to a 25 percent minimum, where others were held to 15 or 20 percent.

A. That has been the case in the past; yes, sir.

Q. Will you explain the actual operation or feature of that business?

A. Well, in other words, if one of our connections requests a shipment from High Point to Philadelphia, and we carry to Atlanta or into, well, say, just some point out there—some of them haul a hundred miles, I believe—and they insist on 25 percent minimum, whereas we already put out 60, 65, or 70 percent, and we want a little bit of it and leave him his part, why, there isn't
much to divide.

1402 Q. What have you to say as to the possible effect on the business originating from these Georgia carriers by way

of return for that which is exchanged to them of the unified service offered by Associated Transport, Inc., when and if this application is approved?

A. I don't believe I could be able to compete with them on that basis.

Q. Do you feel that there is a possibility of restrictions keeping you from their tariffs on through rates?

Mr. SULLIVAN. Whose tariffs?

Mr. MACDONALD. I am speaking of Associated Transport, Inc., as proposed.

Mr. SULLIVAN. Oh.

A. Well, at present there is with one of the carriers, and I see no reason—

By Mr. MACDONALD:

Q. Let us put it this way: Would it be to their best interest to restrict you from their tariff, so far as you can tell?

A. It might be insofar as certain territory is concerned.

Q. That is, the territory which you serve that they also serve?

A. That is right.

Q. Is it your experience that a carrier operating into and out of a territory served locally by a second carrier is competing for the same business as that local carrier?

A. I don't get just exactly—

1403 Mr. MACDONALD. Will the reporter read the question, please?

(Question read.)

A. He may be holding himself out to handle the same things that the local carrier is, but if he does not have the proper set-up there that the local man does, why, I doubt if he would be considered competing in the same field.

By Mr. MACDONALD:

Q. We have an example, I believe, that you mentioned, that there was a possibility—or, at least, to your knowledge, the Howard Hall Company did operate at least partly in the same territory that you operate in but they were not in competition with you. Does that indicate that they may be in the same territory but operating in a different direction from that territory?

A. Well, Howard Hall Company is located in Birmingham, Alabama, and when they are hauling into North and South Carolina, at least essential parts of North and South Carolina, they come all the way from Atlanta to destination over our regular routes, and they so far as I know—I don't know of any business they have solicited or obtained going out.

Q. Is it your position, then, that the business they move from Birmingham into South Carolina points, say, Greenville, is business originating in Birmingham and that their carriage is not particularly confined to freight originating in Atlanta or other points on concurrent routes which you have with them?

A. That is true.

1404 Q. With whom do you exchange at Greensboro, North Carolina, if you care to state.

A. You mean all of the operators that we interchange with at Greensboro?

Q. Well, if there are many, just state the largest.

A. I would say that our heaviest interchange is with Motor Transit Company.

Q. And they operate where?

A. Locally within the state and to Richmond, Virginia.

Q. Is it your statement that business in the east-south operation—that is, from points where your lines operate, into Pennsylvania, New York, New England—is carried principally over lines concerned in this unification? I am speaking of traffic which you originate in the south destined for points in the north which you have to transship to other carriers.

A. Well, what business we get going into that territory now we usually interchange with Mundy Motor Lines and Brooks Transportation, and probably some little bit with Barnes.

Q. Is there any particular reason why you do interchange with Brooks and Mundy?

A. Well, if the shipper does not route it, we would give it to Mundy in return for the business he gives us that is unrouted; and if it was not routed and we wanted the proper service that we felt our shipper deserved, we would give it to Brooks, because he
1405 seems to be about the only operator in that territory going east that we feel like would give dependable and reliable service, other than Barnwell and Horton.

Q. Why don't you give it to Horton?

A. Well, we do not have any interchange arrangements with Horton. They have restrictions in the tariff whereby they only interchange with certain lines.

Q. So you are not able to exchange with Horton.

A. No, sir. It is impossible for us to interchange with Horton, unless it is some business that Horton has secured from a point that we serve and he is agreeable and willing to pay us the local rate, which does happen.

Q. That makes it a somewhat unprofitable operation for you.

A. Well, I would not be able to say about that.

Q. Do Brooks and Mundy compete with you particularly in the territory which you serve?

A. Brooks does not overlap us at all; Mundy practically none.

Mr. MACDONALD. That is all the questions I have, Mr. Examiner.

By Mr. SULLIVAN:

Q. How many interchange carriers have you, please, Mr. Lewis?

A. I do not have any idea. The only time I ever checked on the number of connecting lines we have had—I started checking them in Atlanta and got to 33 and got disgusted and quit.

Q. That was at one point?

A. Yes, sir.

1406 Q. So that it probably runs into several hundred at each of the interchange points.

A. No, sir. Atlanta would be the largest by far.

Q. Well, you would have maybe a hundred all together?

A. I wouldn't say many more than a hundred. Probably we have, but I wouldn't say definitely.

Q. And these lines give you freight, and you give these lines freight?

A. That is correct.

Q. And you like everybody else try to spread the freight you have to give—the unrouted freight you have to give around to your best advantage, to try to get more freight from more lines; is that right?

A. Well, we used to, but we have tried to curtail that as much as possible; to keep it with as few lines as we could.

Q. Now, why?

A. Because it involves too much in interchanging with so many different lines.

Q. How do you keep from having interchange with other lines?

A. Well, if we have unrouted freight going into a territory, and there is more than one connection, we can give it to one or all, as we so desire.

Q. That is your method of keeping from having to interchange with too many lines, is it?

A. Yes, sir.

1407 Q. Do you also restrict them in the tariff?

A. I started to say, "No," but I happen to realize we do have some restrictions in there at the present time, but I don't approve of that.

Q. In other words, you believe that you can take care of this situation pretty well by picking out the lines you want to turn the freight over to?

A. To some extent; not altogether.

Q. You recognize that it is difficult, and not poor business, to have too many connections?

A. Absolutely.

Q. You are not very critical of Horton, are you, for the restrictions he has?

A. Never have been, except in one instance.

Q. What was the one instance?

A. Well, we had a very good movement of freight to a certain point in connection with Barnwell Brothers, and the customer did not want anybody to bring this freight in to him except Lewis & Holmes, and it so happened that Horton got the movement away from Barnwell and would not accede to the customer's wishes of opening up the tariff to let us concur with them, and so we lost that.

Q. But that was the customer's wishes, for some reason or another, in the last analysis.

A. Well, it is beyond his control.

1408 Q. Well, he did not have to give Horton the business, did he?

A. I can't tell you anything about it, why he gave it to Horton over Barnwell.

Q. All right. Of course, you have no assurance, whether the merger is approved or whether it is not approved, that the lines you named with whom you presently interchange freight, and who are engaged in this proposed unification—you have no assurance as to whether or not they will continue in the future to interchange with you, regardless of the merger?

A. You say whether they would or would not?

Q. Yes.

A. No, sir; I have no way of telling.

Q. You have not always interchanged with them to the same extent that you are presently doing?

A. No, sir.

Q. Sometimes you did more interchange with one, sometimes less; is that right?

A. That is probably true.

Q. As I understand it, you use Mundy, Brooks, and other lines for your northbound business in return for southbound business they bring to you?

A. We do.

Q. And I gather that the service they render is satisfactory, is it?

1409 A. Well, I would not consider any service that I know of in my territory into the east, other than Brooks—and Mundy does very good part of the way, but all the way through

to Philadelphia and New York and New Jersey we have not found them to be as satisfactory as Brooks.

Q. Well, anyway, Brooks is perfectly satisfactory and a good carrier?

A. Yes, sir.

Q. Is Barnwell's tariff restricted, going north?

A. Not as to our interchanging with him.

Q. But you prefer to use Brooks—put it this way: You do use Brooks.

A. More than we do Barnwell.

Q. Do you have interchange with Mason and Dixon?

A. Only one instance that I know of.

Q. They have a service up north?

A. Sir?

Q. They have a service?

A. In the east?

Q. Yes.

A. Yes, sir; they operate into New York.

Q. You could, if you chose, interchange with them as well?

A. In our territory?

Q. Yes, for the north or east, or whatever you call it.

A. Not if what they say is correct.

1410 Q. What is that?

A. That they would have to carry it around through Asheville or some other point. I don't think the service would be very good. We would not want to interchange with them carrying on a circuitous route.

Q. Well, you do not know what service they render from down there?

A. No, sir.

Q. Did I ask you how many pieces of equipment you operate?

A. No, sir.

Q. How many do you operate?

A. Fifty, more or less.

Q. How much was your revenue in 1940?

A. \$375,000.

Q. Could you tell us how much, in dollars, interchange with Horton amounts to in the course of a year or a month?

A. We do not interchange with Horton.

Q. With Barnwell, then.

A. I would not have the slightest idea. It would not be but very small.

Q. It would be a very small amount in dollars?

A. Yes.

Q. If this proposed unification were found to be of benefit to the shippers, you would be in favor of it being approved by the Commission, would you not?

1411 A. Well, I am not here to protest the application. I just merely want to state our position as we see it as an operator, which I think is vital to the Commission to have in consideration of this application. I am not opposed to anything that is legal and carried out properly.

Q. Well, let me ask you this, then: Is your position somewhat similar to this, with respect to that which you are worrying about, that you have some amount of interchange with Barnwell, which you say is not very much in dollars, that you are a little fearful that you might lose that if the merger went through? Is that one of your points?

A. That is a small point.

Q. All right. Now, then, your next point is you feel on interchanges out of Atlanta going to some Georgia points there that the combined group might have a better bargaining power with the Georgia carriers than you have?

A. That is true.

Q. The Georgia carriers—that is, other than yourself—with the other carriers involved in this unification.

A. That is true.

Q. So that those other carriers have a reasonably good bargaining power, too, haven't they? I mean, the other carriers other than those in the unification who come into Atlanta have a reasonably good bargaining power with the Georgia carriers?

1412 A. You mean the ones operating in the same territory that the ones do in the consolidation?

Q. Yes.

A. I am not familiar with their volume.

Q. All right. Now, then, when you get over to Georgia, particularly Augusta and Columbia, nobody in this proposed unification has any service to those points?

A. Not that I know of.

Q. And do you render substantial service to those points?

A. We do.

Q. If the companies in the Associated Transport wanted to get freight to those points and from those points, you are certainly in a position to handle that freight for them?

A. We are in a position to handle it, but we do not handle much of it now.

Q. Well, some other carrier gets it, is that it?

A. Yes.

Q. So that the unification would not be depriving you of any particular freight to those points?

A. Very little.

Q. Now, then, do you solicit at those points for business up to the east, as you fellows call it?

A. We do.

Q. And do you obtain some business down at those points?

1413 A. Well, not as much as we would like to, because we do not have the opportunity to interchange going into the east.

Q. Well, can't you pick it up somewhere and turn it over to Brooks?

A. Brooks would not—the commodities that move from down there, cotton piece goods—and I am not familiar with the different classifications of the commodity of cotton piece goods, but they are of a lower class, and Brooks would not handle it; I mean he has a restriction in his tariffs.

Q. How about Mundy? He would handle them, wouldn't he?

A. I do not know of any restriction he has on them, but we would not undertake to interchange with Mundy because we would feel like he would want too big a division.

Q. How about Akers?

A. We never have interchanged anything that I know of with Akers.

Q. He has a service that is available running up clear to Boston, hasn't he?

A. I understand that he does. He asked us to bring some movements out of South Carolina to him, but he wanted it too cheap.

Q. How about Harris Brothers?

A. Harris Brothers have their rates published in the tariff by Cooper in Greensboro, which we do not concur in.

Q. You mean you restrict yourself with respect to that tariff, is that it?

1414 A. Well, we have our rates published through the Southern Motor Freight Conference, where the operators do the same type of business we do.

Q. Could you arrange it so that you could concur with him?

A. Well, we were in the tariff. We just recently removed our participation in it.

Q. Well, if his service is not available to you that is by your own act, isn't it?

A. Well, I do not believe we would be able to go back in there.

Q. Well, without going into that question, I say it was your own act that removed your concurrence with him.

A. That is right.

Mr. SULLIVAN. That is all the questions I have.

Exam. BAKER. Redirect?

Mr. Lewis, do you interchange any with Atlantic States?

The WITNESS. We do.

Exam. BAKER. On traffic moving to the east?

The WITNESS. No, sir. We only have one movement that we interchange with them on.

Exam. BAKER. You do not operate south of Atlanta, do you?

The WITNESS. Nothing more than irregular loads to points nearby Atlanta.

Exam. BAKER. In connection with carriers other than Transportation that operate south of Atlanta in competition with

1415 Transportation, Inc., who might be presently interchanging traffic at Atlanta with Horton Motor Lines, do you feel that if this proposed unification were consummated that those carriers would be inclined to change their interchange arrangements to other carriers other than Horton?

The WITNESS. You mean the carriers that are operating in competition to Transportation?

Exam. BAKER. Yes; south of Atlanta.

The WITNESS. They would quit interchanging with Horton and go to others.

Exam. BAKER. Do you feel that they would be likely to do that in view of the fact that the consolidated operation would be in competition with them south of Atlanta?

The WITNESS. Well, from practical experience I think they would.

Exam. BAKER. So would it be a possibility of getting some additional freight by reason of that?

The WITNESS. It might be true, but the only service we have down a certain route there is by Transportation that no one else serves.

Exam. BAKER. No other carrier operates over the same route south of Atlanta that Transportation operates over?

The WITNESS. Some parts of it. If there are, I have never heard of them. You see, Transportation before they came into this they bought two operations over the same route, and that did not leave any competition that I know of below Montgomery, 1416 Alabama, between there and Mobile.

Exam. BAKER. Well, aside from operations over the same route, are there other carriers operating to the principal points son of Atlanta over perhaps different routes? Do you know?

The WITNESS. No, sir; I do not know.

Exam. BAKER. That is all the questions I have. Witness excused.

(Witness excused.)

Mr. MILLER. Mr. Examiner, may we have a short recess? I want to see if I can locate some more witnesses.

Exam. BAKER. Very well. We will take a ten minute recess. (Whereupon a short recess was had.)

Exam. BAKER. Come to order, please.

Mr. MILLER. Shall I proceed now or wait until Mr. Sullivan comes in?

Exam. BAKER. Well, we might wait a moment. You can call your witness, Mr. Miller.

JOHN M. AKERS, being first duly sworn, testified as follows:

Direct examination by Mr. MILLER:

Q. Will you please state your name and address?

A. John M. Akers, Gastonia, North Carolina.

Q. What is your occupation?

1417 A. Vice president and general manager of Akers Motor Lines, Incorporated.

Q. How long have you been engaged in that capacity?

A. Four years.

Q. Generally what are your duties with reference to your present occupation?

A. Well, general supervision of Akers Motor Lines as executive officer of the company and general manager of the company.

Q. How long has your company been engaged in business?

A. Since 1932.

Q. Is it a common carrier of general commodities?

A. It is.

Q. Where does it operate generally?

A. Generally from Atlanta to Boston.

Q. Are you generally familiar with what is involved in this proceeding?

A. I am.

Q. Are you familiar with the operations of Barnwell Brothers, Horton Motor Lines, and Southeastern between the east and the south?

A. Generally speaking.

Q. Likewise are you familiar in a general way with the operation of the other carriers proposed to be unified into Associated Transport?

A. In a general way, yes.

1418 Q. In the conduct of your business have you become acquainted with the competitive situation which affects the operation of your company?

A. I have.

Q. Does your company engage in interchange of freight with other common carriers?

A. We do.

Q. What percentage would you estimate of your tonnage is interchanged with other carriers?

A. I would say approximately 30 percent.

Q. Do you consider such interchange traffic desirable?

A. Yes.

Q. What are your company's principal points of interchange?

A. Boston, New York, Philadelphia, Greensboro, Charlotte, Greenville, South Carolina, and Atlanta.

Q. Does your company now interchange traffic with any of the carriers involved in the proposed unification?

A. Slightly. We have a small amount of interchange with Consolidated and a very little bit with McCarthy. We have a little bit of interchange with Transportation at Atlanta and I think we have one movement in connection with Barnwell Brothers out of Virginia—I think one movement out of Virginia. I think that is the extent of our interchange with the carriers involved in the proceeding.

Q. Does your company look with favor upon interchange-
1419 ing freight with a carrier competitor?

A. We do not.

Q. Why not?

A. Because if your freight is interchanged with a competitor, why, you naturally are giving him the opportunity to try to secure the business himself; and if you interchange with a competitor it must be because the competitor would not be a competitor unless he covered the same territory, and therefore if you have to interchange with him, and he is a competitor, he then could give direct service, where you would have to interchange, which would be a very strong talking point in the solicitation of business.

Q. Are you familiar with the custom followed by motor carriers commonly called swapping of freight?

A. I am.

Q. Will you outline how that applies especially in relation to your interchange in Atlanta?

A. Well, it is the general custom for carriers to interchange business with each other on a reciprocity basis, so to speak, with the carriers, particularly the short-line carriers, that are rather restricted as to the area that they cover, will try to work with the long-haul carrier that can give him the most business, and the long-haul carrier that will have the most business and has the bargaining power naturally is in a much better position to

1420 secure freight from the intrastate operators, all those that are short-haul operations.

Q. By intrastate operators you mean carriers operating wholly within one state?

A. Within one state.

Q. And they may transport interstate freight?

A. They may transport interstate freight.

Q. Now, assuming this proposed unification is consummated, how will your position compare with the unified carriers with respect to securing unrouted traffic on this swapping basis?

A. We have found that, as far as Atlanta is concerned, and as far as New York is concerned, that the two of the carriers, Barnwell and Horton in New York, and Transportation and Horton in Atlanta, that their volume of business that is interchanged there has been a sufficient volume to pretty well take care—probably get a much better bargaining power and division with the interchange lines, short-line operators, in Atlanta, and the New England operators out of New York, and I see no reason why, with the two lines or the lines combined, whereas there would be some bargaining there, the freight would be unified, and there would be that volume which would be used in the future, which would be even a better bargaining power than it has in the past.

Q. In selecting a connecting carrier for your company what factors do you take into consideration?

A. We would consider the territory that that connecting
1421 line handled, the business that that connecting line perhaps turned over to our company to reciprocate the business that we gave that particular company, and also the divisions that could be arranged with that particular carrier; and as far as the divisions would be concerned, that would depend a good deal on the second factor—that is, the amount of freight that you could turn over to that connecting line and that connecting line turns over to you—which would influence, I would say, the third—that is, the divisions that would be obtained.

Q. Are you familiar with the operation of Howard Hall Company, Inc.?

A. Only—I will say I am not familiar with the operation, that I know what their certificate entitles them to haul, or anything about the operation, other than that I see their trucks from time to time go through our territory, where I might happen to be, North Carolina, say, or South Carolina; but so far as their competition is concerned I have never heard any of our solicitors ever mention losing any business to Howard Hall. I never heard of Howard Hall picking up or delivering any freight in North Caro-

lina or South Carolina, or any point, for that matter, where we do business, other than business out of New York going into, say, Alabama, and to points beyond Atlanta. I have heard of some business that they have gotten there, but that would be business that, so far as we are concerned, would be interchange.

1422 Q. Do you have any knowledge as to whether or not

Howard Hall Company maintains a terminal in North Carolina, South Carolina, and Georgia?

A. Not to my knowledge.

Q. Would your testimony in relation to Howard Hall Company be the same with the Jack Cole Company, Inc.?

A. That is right.

Q. Are you familiar with the operation of McLean Trucking Company, Inc.?

A. Generally speaking.

Q. Have you found them serious competitors of freight moving between the east and south?

A. Well, McLean is much more of a competitor than Howard Hall or Jack Cole, because, as I say, I would not consider Howard Hall or Jack Cole a competitor, or serious competitor. I have always considered Jack Cole and Howard Hall somewhat in the same position in North Carolina and South Carolina as we are in the State of Virginia. We operate through the State of Virginia, but we do not pick up or deliver any freight in the State of Virginia. Therefore, I would not consider Akers Motor Lines a competitor to anyone operating out of or into Virginia.

As far as McLean is concerned, they operate mostly, as I understand, in the eastern part of North Carolina, and they secure freight out of the north into the eastern part of North Carolina, and out of the eastern part of North Carolina, although they do get some freight in the central section. I think, of North Carolina, and also in South Carolina.

1423 Q. Have you ever heard of a carrier known as the Dale Trucking Company, Inc.?

A. I have not.

Q. I believe you testified you were familiar with your competitors generally?

A. Generally speaking.

Q. Have you ever heard of a carrier by the name of Talent Transfer Company, Inc.?

A. I have.

Q. Will you describe just what you know about their operation?

A. As far as I recall, Talent—I think they are a furniture hauler from somewhere around, either in Hickory or Lenoir, or

High Point, or some place; I am not certain. I never heard of Talent—Talent has never interfered with us. I have not had competition from them.

Q. Do you know whether or not Talent Transfer operates into New England territory served by your company?

A. I have never heard any of our solicitors in New England report that they had any competition from Talent.

Q. Are you familiar with the operation of Turners Transfer?

A. Turner? No; I am not.

Q. Have you ever heard of a carrier operating between 1424 New England territory and Atlanta, Georgia, known as Hitchcock Motor Express?

A. I have heard of them.

Q. Have you received any competition, to your knowledge, from that carrier?

A. To my knowledge, we have not.

MR. SULLIVAN. You mean to your knowledge you have not, or not to your knowledge?

THE WITNESS. To my knowledge we have not had any competition from Hitchcock.

By Mr. MILLER:

Q. Do you have any knowledge of the C. L. Whitmore Fast Freight?

A. C. L. Whitmore Fast Freight? Never heard of them.

Q. Are you familiar with the operation of the North-South Freightways, Inc.?

A. Never heard of them.

Exam. BAKER. Mr. Akers, do you know all the carriers that operate in your territory?

THE WITNESS. Well, I would not say that I know all the carriers that operate in our territory, but I would say that I have a knowledge of the carriers that operate in our territory that would be serious competition to our line.

MR. MILLER. That is all.

Exam. BAKER. Cross-examination.

1425 Cross-examination by Mr. MACDONALD:

Q. Mr. Akers, you listed seven points, I believe, at which your interchange takes place largely. You mentioned Consolidated and McCarthy as receiving a little of that interchange business. Is there other interchange business at Boston and New York points that other carriers get?

A. Yes.

Q. Would that be more than Consolidated and McCarthy participate in?

A. Yes. Our interchange with McCarthy is very small; in fact, was done as a favor mere to Akers Motor Lines by Mr. McCarthy than anything else, because some points that he makes in Massachusetts that we might want to drop some freight to, he agreed to deliver that freight for us, but that is the extent of our interchange with McCarthy.

As far as Consolidated is concerned, we have a small amount of interchange with them in New York, mostly on freight coming out of the east that is actually secured by our solicitors in the south and is routed Consolidated care of Akers, New York. There are one or two instances, a few shipments that we turn over to Consolidated in New York going into the territory that they serve.

Q. Is that also pretty largely routed freight?

A. The freight that we turn over to them is unrouted.

Q. The freight you receive from them is mainly routed freight?

A. Entirely so.

1426 Q. Will you state why your exchange with McCarthy is limited in the manner which you state it is?

A. Well, McCarthy does not operate into New York, and McCarthy—as I understand, their operation is mainly intraterritorially so far as New England is concerned, and from conversations with Mr. McCarthy, they are not particularly interested—were not at that time, which was about a year and a half ago that I discussed this matter with them—they were not particularly interested in trying to build up their business into the south or from the south in connection with Akers Motor Lines.

Q. Do you have local lines in the lower New England territory of Massachusetts, Connecticut, and Rhode Island, feeder and distributing lines from Boston?

A. Yes; we do.

Q. These are part of the Akers Motor Lines, or are they exchange carriers?

A. Exchange carriers.

Q. Do you have any one or more of those carriers which serve all the points served by McCarthy, to your knowledge?

A. We do not.

Q. Is there such a carrier available to you?

A. Not that I know of.

Q. Do you depend on these local carriers in Massachusetts, Connecticut, and Rhode Island very largely for business

1427 which you carry from Boston into the south?

A. We do not.

Q. Most of your business originates in Boston to the south?

A. That is right; originates in Boston or vicinity, or Providence

and vicinity. We do have some freight that is brought in by connecting lines in that area, but that is a small part of our tonnage.

Q. Do you maintain your own pick-up and delivery service in Boston and Providence?

A. We have a local carrier that does that for us.

Q. That is another exchange arrangement?

A. That is right.

Q. What carriers will you have available in Massachusetts, Connecticut, and Rhode Island territory, assuming the consummation of this application, which do not compete with you in any part of your routing? By way of explanation, any carrier operating between Boston and New York would be competitive with you at least in part, would he not?

A. No; I would not say they would be competitive, in this respect, that they would be partially, and then in a way they would not. We do not pick up freight in Boston to be delivered to New York. Neither do we pick up freight in New York for delivery to Boston. Our operation is entirely a north-south operation. We pick up freight in the south for delivery into the north, that is, north of Virginia. We pick up freight in 1428 states north of Virginia for states south of Virginia. But we do not pick up any freight, for example, in New York for delivery into Philadelphia, or from Philadelphia into Baltimore, or any freight of that nature. We do not pick up freight, say, in Philadelphia going north into Boston, Providence, or any of the New England states. We do not pick up freight in New England to be delivered to New York, Philadelphia, or any point north of Virginia.

Therefore, in a way we would be competitive with these carriers that operate out of Boston into New York in that they could pick up that freight and bring it in to New York to turn over to some other carrier that did not operate into New England, but we would be competitive only in freight that is moving only from New England into the south.

Q. So far as the lines in the merger are concerned, you are competitive, then, only with what I will describe as the long haul route north to south, and you are not engaged in carrying between the intermediate points?

A. With the exception of in the south. We do pick up in Atlanta. Our certificate entitles us to pick up in Atlanta and certain places in Georgia for delivery into North Carolina, to Charlotte and a radius of 25 miles, and we can pick up in Charlotte and a radius of 25 miles for delivery into Atlanta and various points listed in Georgia.

Q. Do you have any particular volume of business
1429 originating in the New York area, Buffalo, Syracuse, and
cities in that area?

A. We do not.

Q. Do you have any particular volume of business destined for
points in that area?

A. We do not.

Q. You do not have any particular amount of unrouted freight
which requires exchange in the Philadelphia, New York, or Bos-
ton terminals?

A. Of our own?

Q. Which you originate.

A. Yes. I would say that 98 percent of the business that we
interchange with carriers in Philadelphia, New York, and Boston,
that is, that we give to them, is unrouted freight. For the most
part, you see, the freight we bring up from the south is cotton
piece goods and freight of that nature, and the shippers for the
most part do not route it; they just give it to you, and it is un-
routed, and we turn it over to connections in those points.

Q. Would you say that l. t. l. shipments constitute the majority
of your shipments?

A. No; I would not. It depends, of course, on the northbound
movement. There is more volume moving going north because
of the nature of the commodity. Southbound, why, that is not so.

It would be difficult for me to even hazard a guess as to
1430 what percentage of our business is l. t. l. and what per-
centage is truckload.

Mr. SULLIVAN. Excuse me. Are we talking about the number
of shipments or revenue?

Mr. MACDONALD. We are talking about the make-up of the load.

The WITNESS. I was referring to tonnage. What I would con-
sider l. t. l. would be a shipment less than what most people con-
sider a truckload.

Mr. SULLIVAN. My point was, when you were talking about
percentage, were you talking about the percentage of gross re-
ceipts, or the percentage of the number of shipments?

The WITNESS. That is right; the percentage of the tonnage.

By Mr. MACDONALD:

Q. Would you say your operation, being more limited in the
service of intermediate points which it gives, would differ from
that of Horton or Barnwell Motor Lines operating from New
York into the south?

The WITNESS. Would you repeat that question?

(Question read.)

A. I would say yes; that it would differ, because it is my understanding from the testimony that was brought out that Horton picks up freight, for example, in New York for delivery to Philadelphia, or to some of the other northern terminal cities; and I am not familiar with whether Barnwell does that or not, but we do not handle any freight of that nature.

1431

By Mr. MACDONALD:

Q. Does the comparative time of delivery which your company offers as compared with that of the Horton Motor Lines, for example, indicate anything regarding the number of stops for picking up and delivering enroute?

A. No. I would say that, so far as the time of delivery is concerned on shipments, say, going from New York to Atlanta, or Philadelphia to Atlanta, that the time of delivery on shipments picked up the same day would be similar for the two companies—for the three companies.

Q. Have you at any time desired to effect an exchange arrangement with McCarthy Lines?

A. Well, I would say that we have not been particularly anxious to do it. I planned a year or so ago to discuss this with Mr. McCarthy and Mr. Howell to try to build up more business from the south into New England and from New England into the south, but about that time the other merger was considered and I did not think it would be expedient for me to discuss the matter then.

Q. You refer to the application heard about a year ago in Docket No. MC-F-1223 and related numbers?

A. I am.

Q. Is it possible for you now to estimate in business volume, the number of vehicles, or other factual data, the effect on your business caused by this merger?

A. As far as our company is concerned, I see very little effect, direct effect, of the merger on the number of vehicles that we operate or the freight that we are now handling, because, as I say, the freight that we are handling in connection with any of the carriers involved in this merger is so small it is such a negligible part of our business, that we would not be affected.

Q. Do you believe that your company is in the position of being more or less independent of exchange carriers for a considerable portion of its volume?

A. Well, I, of course, do not know. I am not familiar enough with all the other operators as to their particular position, but I do feel, in talking with the various lines, that we depend about as little on interchange freight as any carrier I know. I would

say that 30 percent of the freight that I said that we interchange, that of that amount 25 percent of it is freight that we originate and give to our connections and only about five percent is freight that we actually receive from connecting lines.

Q. Do you know of any other large carrier which operates from Atlanta into Boston?

A. Any other large carrier which operates from Atlanta into Boston? I do not. There is no large carrier—I know Carolina Freight Carriers through some recent purchase of some rights into Atlanta or leasing of some rights—I do not know exactly what the situation is, but I understand that they 1433 operate into Atlanta and they also operate into New England. I do not think they have any terminals in New England. I do not think they have a terminal in Atlanta. And I think that Day's Motor Lines operates from Atlanta into New England. But they would not be considered large companies. Carolina Freight Carriers approaches to some extent the size of Akers Motor Lines but they do not have the terminals that we have.

Q. Do you know anything concerning the operations of Roadway Express?

A. Only generally.

Q. Can you state what the operations are concerned in your territory, if you know?

A. Well, as far as our company is concerned, Roadway in our territory takes north, I think, cigarettes out of Winston-Salem, although they do haul commodities generally, and coming south they haul, I think, rugs and commodities generally. They are in competition.

Q. Do you know whether that is the same company as Roadway Express which operates out of Akron and has considerable coverage out in the middle west as far as Texas?

A. Well, I do not know how far west it goes, but I understand it operates in Atlanta and has its headquarters in Akron.

Q. What have you to say regarding the comparative growing power in the New England territory of Massachusetts, Connecticut, and Rhode Island of the combination of Consolidated 1434 and McCarthy as compared with other local carriers in that region?

A. Well, to my knowledge, on freight within New England exclusively, not operating into New York, I do not know of any carrier there that has the coverage that McCarthy has; and as far as companies operating into New York from the New England territory, I do not know of any carrier that has as wide a coverage as Consolidated.

Q. What effect, if any, do you think that would have on business originating in that territory, or freight originating in that territory, destined for points outside of that territory to have these two large local carriers in this merger?

A. Well, I don't know that I could—I would want to make any statement as to that. Of course, my idea is, as I say, I just base what I say on our particular dealings with carriers in New England, and I know from my experience that we have not found any carrier operating out of New York that does have as wide a coverage as Consolidated, and I would say that we have had to turn over freight to Consolidated for that reason. The reason it has been brought to my attention so vividly is because we have had to turn over freight to Consolidated that we would have preferred to turn over to some other carrier, because of the fact that in numerous instances we have secured routing of freight out of New England that Consolidated had, that was routed Consolidated care of

Akers, which we in turn did not enjoy, but it was turned over to Horton Motor Lines in New York. Even in view of that fact we still in some instances would have to turn over freight to Consolidated, because of their coverage.

Mr. MACDONALD. That is all I have, Mr. Examiner.

By Mr. SULLIVAN:

Q. You are in competition with Consolidated on north-south business; is that a fact?

A. Yes.

Q. Notwithstanding that fact, they have been agreeable in the past making connections with you?

A. That is correct.

Q. And you have had the means at your disposal from the fact of your Consolidated connection to ascertain the sources from which they obtain freight, have you not?

A. The only freight that Consolidated has ever turned over to us has been freight that our solicitors in the south have secured and the freight has been routed Consolidated care of Akers. We have never had any freight turned over to us, to my knowledge, that was unrouted freight that Consolidated turned over to us; therefore we would not have had any knowledge as to any of their freight.

Q. Well, just so we will be talking about the same thing from now on, when you use the expression "to my knowledge" you mean so far as you know, is that it?

A. That is right.

1436 Q. I want to be sure I do not misunderstand you. Now, do you give Consolidated the most freight, or do they give you the most freight?

A. Well, I would say that the freight that we presently interchange with Consolidated is of such a small amount that it would be very difficult for me to say whether we give them more than they give us other than—that is, that we turn over to them and they turn over to us—other than this, that any freight that is interchanged between Akers and Consolidated is freight that Akers gives to Consolidated, because any freight that they give us is not given to us but is routed by our solicitors that way. Freight that we give Consolidated is not freight that is routed Akers-Consolidated, but is unrouted freight which we find expedient to give to Consolidated because of their coverage.

By MR. JOSELOFF:

Q. Are there any points in New England to which Consolidated is the only means of getting that freight?

A. I couldn't tell you.

By MR. SULLIVAN:

Q. I gather, then, what you want us to understand from previous testimony we had along that line is that at the moment you have never made an investigation to find out if there were any other means of getting freight to New England points?

A. Yes; we have an interchange department that works on that particular matter, and I feel that they have made a pretty thorough check on that, and apparently because of either the 1437 coverage or because other lines do operate into New England out of New York that do not participate in the through rates, why, for either one of the two reasons the freight has been given to Consolidated.

Q. Do you exchange with Seaboard?

A. Yes.

Q. Extensively?

A. No; I would not say extensively.

Q. Any particular reason why you do not?

A. Not at all, other than, as I say, we do not interchange extensively, I will say, with any carrier.

Q. Do you exchange with New England Transportation?

A. To a very slight degree.

Q. Any reason why you do not exchange to any greater degree?

A. Not at all.

Q. Do you interchange with Adley?

A. Maybe a few shipments.

Q. Any reason why you do not exchange to a greater degree?

A. Not at all.

Q. As I understand your testimony, so far as freight moving north-south and New England is concerned, for points outside

of New England, Consolidated has the best coverage of any one carrier and the most business, is that it?

A. From my knowledge, that is correct.

Q. There isn't anything about McCarthy's operation that
1438 would materially add to the coverage or the service of Consolidated so far as north-south freight is concerned, is there?

A. Well, I am not familiar with all the points that Consolidated covers and all the points that McCarthy covers as to exactly which one covers what territory. I would not be in position to answer that.

Q. Well, isn't this generally the situation: McCarthy is a carrier who is concentrated on local or intra-New England business, except for east-west movements into New York City?

A. That is my knowledge.

Q. And that Consolidated has a more concentrated north-south movement into the south, Philadelphia and the like, so far as their business is concerned?

A. That is my understanding.

Q. Now, you spoke of the trading power or the swapping arrangement, which was referred to here. Take the situation down in Georgia, where small intrastate lines also handle interstate commerce. Do you think in practice two or three companies together would have any more trading power than two or three companies working individually with that carrier? I am not talking about theory; I am talking about practice. You are a practical truck operator.

A. Well, I would think so. I would think that one person, or one concern controlling the traffic that had an original movement, say, by three concerns, that that volume of traffic—
1439 the person controlling that traffic would be in a much better bargaining power.

Q. It is theory, isn't it? Let me ask you in practice if this would not be the situation: Assume any point. I picked the State of Georgia because somebody happened to talk about it, too many intrastate carriers running around. Now, assume that at Atlanta there were three large carriers all running up towards the north, and all coming in there, and being required by the nature of the situation to exchange freight with this carrier, we will call X, who had pretty good coverage in Georgia, and the only coverage. So the three carriers are doing the best they can to chisel the return freight. They have got no choice. Now, coming south they each try to get the most for their line, don't they?

A. That is correct.

Q. Now, then, assume that there was also a fourth carrier doing the same thing, but these three then get together. Don't you think that the fourth carrier coming in there wants these three together to do as well as they did before, maybe a little better?

A. Well, I don't think so.

Q. All right. All of these carriers have no other recourse than to use this carrier X in the State of Georgia, have they?

A. That is right.

Q. So what difference does it make to that carrier in the
1440 State of Georgia as to who he gives the freight to going south? They all have got to use his line going south, don't they?

A. That is true.

Q. So what difference does it make who he gives it to?

A. Well, you might take that attitude, but that is not the attitude, I don't think, that you will find a carrier takes.

Q. You used to have four fellows, and now you are going to have only two fellows. Wouldn't you be more apt to divide fifty-fifty than you would if you had four?

A. Not if one is giving me ten or twenty times more freight.

Q. He can't take it away from you, can he?

A. Well, he may not be able to take it away from me, but he always has this to consider: He never knows but that maybe some other line can be started to compete with him.

Q. Well, that would be the answer to any of the situations we come up against

A. That is right.

Q. It might depend on which of the two guys played the best golf, and so on. Wouldn't that be about the way it would work out?

A. Well, I don't think so.

Q. Do you solicit freight business yourself?

A. I do not.

Q. Well, so far as you are concerned, you do not feel you have anything in particular to worry about as to whether this
1441 proposed merger is approved or not; you do not think it will affect your company particularly one way or the other.

A. Well, as far as the business that we are now handling, I think it would have very little effect on the company.

MR. SULLIVAN. That is all.

Exam. BAKER. Any redirect?

Mr. Akers, in connection with this custom of swapping freight, is it the custom for a particular carrier to deliver freight to other carriers somewhat in proportion to the total volume that they would deliver to him? Is that the custom?

The WITNESS. No; I would not say that it would be as much as that. I mean it would not be that carrier is going to do business with four or five, that he would try to divide his freight among four or five in proportion that they give freight to him, although he would work with the various carriers that work with him. In all probability the carrier that has the most freight to give that person—I mean carrier, short-line carrier, would probably get more maybe than his share on a percentage basis of the unrouted freight that that short-line might have.

Exam. BAKER. Do you find any tendency among shippers to divide freight among competitors? Suppose there are two lines serving between particular points. Do you find that shippers prefer to divide their freight among competing lines rather
1442 than give all of their freight to those points to one line?

The WITNESS. I will say that there are a few carriers that do purposely divide their freight among several carriers.

Exam. BAKER. I do not mean carriers now; shippers.

The WITNESS. A few shippers that do divide their haulage business among several carriers. That is their policy—not to let all their freight be handled by one carrier. But I will say that would be the exception rather than the rule, that a shipper would usually give his freight to one carrier going to a certain point. In other words, a carrier, say, from Charlotte shipping freight to New York would probably give all that freight going to New York to one carrier, if it was in his jurisdiction to give it to a carrier. In some instances he would not have a choice in that. Maybe the consignee had requested the freight to be shipped to New York by a certain line, and he might have a good many requests, so that he would have to ship by several competing carriers. But if he had his choice, and those that do have the control of the routing usually ship to one particular city by one line.

Exam. BAKER. From a competitive standpoint, on traffic moving, say, from the south to New York City, as I understand it presently you are in competition with Horton and Barnwell.

The WITNESS. That is correct.

Exam. BAKER. If this transaction were consummated and the operations merged, instead of Horton and Barnwell, two
1443 competitors, you would have Associated Transport Company, one competitor, in their stead. Do you feel that you would be any worse off or better off from the change in the number of competitors?

The WITNESS. Well, I feel, to be frank, that so far as the solicitation is concerned that we would be better off if the combine were approved, because instead of having our solicitors to have to compete with two solicitors, they would have to compete

with one solicitor, because all solicitors have their friends that give them business, so instead of having two men that have friends, why, they would have just one man. So, so far as solicitation is concerned on freight, as an example from the south into New York, solicitation in that respect is concerned, why, we would be better off.

Now, as far as freight originating in the south going into New England, that would be different, because at the present time we have a service to offer that neither Horton nor Barnwell can offer in that we can give direct service from the south into New England, which they cannot give; but when the combine goes through, of course, they would have that service. So, as far as we are concerned, as I stated a little while ago, as far as our company is concerned, so far as freight that we are now handling or the potential freight that we will handle in the future, we are not perturbed about it.

Exam. BAKER. Thank you, Mr. Akers.

1444 (Witness excused.)

Mr. SULLIVAN. I just want to ask him one more question, if I may.

Exam. BAKER. Very well.

By Mr. SULLIVAN:

Q. Do you have a monopoly on that service from the south into New England?

A. Not at all.

Q. Are there other carriers that give such service?

A. I do not think any other carrier gives as good a service.

Q. You can get a monopoly of good service, but seriously there are a considerable number of carriers offering a service which at least holds itself out to be of the same sort that you offer from the south into New England?

A. I would say no; for this reason, that I think we are the only carrier that operates from the south into New England that maintains offices in New England to contact the shipper or receiver about their freight, and so forth. We offer a service there that I do not think any of the other lines operating from the south into New England offer.

Q. I was not speaking of the quality of the service.

A. Yes.

Q. But there are other carriers, and if they decide to put a terminal in New England they would have exactly the same service.

A. That is correct.

1445 Q. You also cover some New York State points, do you?

A. That is correct.

Q. How extensive is your right of operation in New York?
I do not mean technically in that sense; I mean what coverage.

A. It is rather broad.

Q. You cover substantially all of New York State, do you not?

A. That is correct.

Q. And you have not gotten to the point of setting up a string of terminals there.

A. That is right.

Mr. SULLIVAN. It won't be long now. O. k.

(Witness excused.)

Mr. MILLER. Mr. Examiner, I have two more witnesses who are unavailable at the present time. There is a possibility they will get in some time this afternoon, but in that event they will have to interrupt the proceeding at that time, and counsel for the applicant has agreed to stipulate that the testimony of these two witnesses will be substantially the same as that offered by Mr. —

Mr. SULLIVAN. Smith, Lewis, and Akers.

Mr. MILLER. Smith, Lewis, and Akers with reference to the swapping of freight and interchange with competitors.

Mr. SULLIVAN. I presume that means their entire testimony, including direct and cross?

1446 Mr. MILLER. Yes.

Exam. BAKER. Is that agreeable to the other intervenors?

Mr. MACDONALD. May we inquire what lines are represented by those witnesses?

Mr. MILLER. Mr. Harris, of Harris Brothers Transfer Company, Inc., and Mr. W. W. Miller, Jr., doing business as Miller Motor Express.

Mr. MACDONALD. Mr. Examiner, because there are different fact situations concerning each one of those carriers, we do not feel that this particular evidence would have any particular bearing; consequently the stipulation will have no value in the record; consequently we do not think we would approve the stipulation.

Mr. SULLIVAN. Consequently you object.

Mr. WILFRED. Mr. Examiner, may I add to what my associate counsel said, there is also the amount of interchange involved, and it could not be testified that the amount of interchange would be the same as that that any of the other witnesses mentioned. Obviously it would be impossible to stipulate that it would be the same as the other carriers. The circumstances are entirely different.

Exam. BAKER. I believe each of the other carriers stated that the amount of interchange was not substantial with the carriers here involved.

Mr. MILLER. I only wanted to stipulate that the testimony with reference to the swapping of freight and interchange with competitors would be substantially the same as that offered by Mr. Lewis, Mr. Smith, and Mr. Akers.

Exam. BAKER. In view of the objection, the stipulation will not be noted. In view of the objection, Mr. Miller, do you propose subsequently to introduce these witnesses?

Mr. MILLER. I cannot give you a definite answer at this time, because I do not know just when they are going to arrive here, but I will be able to let you know this afternoon definitely.

Exam. BAKER. Mr. Glynn, does the organization you represent propose to introduce any evidence?

Mr. GLYNN. Well, now, I do not have a definite answer on that at this time. I communicated with Mr. Tobin this morning and advised him that if evidence is to be presented that it would be necessary to present it the first thing this afternoon, and he was not able to tell me at that time positively whether there would be a witness or not.

Exam. BAKER. Suppose we take a recess for lunch at this time until 1:30. At that time, if it is possible, if your organization proposes to introduce testimony, would be the most convenient time for the introduction of that testimony. And will the Department of Justice be prepared at that time, in case other evidence is not offered, to proceed with its case?

Mr. WIPRUD. We will, Mr. Examiner.

Exam. BAKER. Very well. We will recess until 1:30.

(Whereupon, at 12:05 p. m., September 9, 1939, a recess was taken until 1:30 p. m. of the same day.)

1449

AFTERNOON SESSION 1:30 P. M.

Exam. BAKER. Come to order. Mr. Glynn, can you make any more definite statement now as to whether you will put in any evidence?

Mr. GLYNN. Mr. Examiner, it has been very difficult to get in touch with Mr. Tobin and Mr. O'Brien, due to the fact that he is engaged in other pressing activities, this Wage & Hour Hearing, and we are not prepared at this time to put on any evidence, but we reserve the right to do so at a later stage after the Department of Justice is through.

Exam. BAKER. Very well. You may proceed, Mr. Macdonald.

Mr. MACDONALD. I call Mr. Berquist.

F. E. BERQUIST, being first duly sworn, testified as follows:

Direct examination by Mr. MACDONALD:

Q. Will you state your name and address, please?

A. F. E. Berquist, Bethesda, Maryland.

Q. What position do you hold?

A. Special assistant to the Attorney General.

Q. How long have you been with the Department of Justice?

A. Three years.

Q. What are your duties in that connection?

A. My duties are in the field of statistical and economical
1450 research.

Q. What are your educational qualifications?

A. A. B. and M. A. degrees from the University of Washington. I have done two years of graduate work at the Brookings Graduate School, Washington, D. C.

Q. What has been your experience since the time you graduated or finished your graduate work at the Brookings Graduate School?

A. For three years I was on the faculty of the Carnegie Institute of Technology at Pittsburgh, and since 1929—that is, from 1926 to 1929—at Carnegie Tech, and since that time, with the exception of one year, I have been engaged in various Governmental agencies in Washington, D. C., including the Census Bureau, the Bureau of Mines, the N. R. A., and the Department of Justice.

Q. Have you ever engaged in research relating to the transportation industry?

A. In connection with the Retail Solid Fuel Industry, I have had charge of cost studies for the trucking of coal from mines to many consuming centers; and in connection with my work with the Department of Justice I made quite extensive studies in the transportation of petroleum and its products by pipe line and rail.

Q. Are you familiar with the application in this proceeding contained in Docket's MC-F-1612 and MC-F-1613?

1451 A. I am.

Q. Have you had occasion to examine the Commission's files to determine the routes and other data concerning the operations of the companies concerned in the application?

A. I have.

Mr. MACDONALD. At this time I would like to have marked for identification a map entitled "Composite Route Map of Motor Truck Lines Parties to the Merger Application of Associated Transport, Inc., in Docket's MC-F-1612 and 1613."

Exam. BYKER. The document described will be marked for identification as "Intervenor's Exhibit No. 21."

Exhibit No. 21, Witness Berquist, marked for identification.

By Mr. MACDONALD:

Q. Showing you Exhibit marked, for identification, No. 21," will you state what it is?

A. It is a map of the eastern part of the United States showing a composite of the routes of the eight companies concerned in the merger. It was made from the individual maps of each of the eight companies contained in the application of Transport, Inc., in Docket MC-F-1223 and related docket numbers. Duplications, of course, are not indicated here, this map showing only the routes traveled, whether by one or more carriers.

Mr. MACDONALD. Off the record for a minute.

(Discussion off the record.)

1452 Exam. BAKER. Back on the record.

By Mr. MACDONALD:

Q. Was this exhibit prepared under your supervision and direction?

A. Yes.

Q. Is it an accurate portrayal of the routes shown on the maps contained in the dockets referred to?

A. It is.

Mr. MACDONALD. At this time, Mr. Examiner, I would like to offer an opportunity to the applicant and other intervenors to cross-examine on this exhibit, since at this time I would like to offer it in evidence.

Exam. BAKER. Cross-examination.

Voir dire examination by Mr. SULLIVAN:

Q. Do I understand, Mr. Berquist, that this Exhibit 21 is taken from maps filed in the former case, known as MC-F-1223 and related numbers?

A. Yes.

Q. Did you make any investigation to determine what action, if any, the Commission had taken since that time with respect to any of the routes of any of the companies who might have submitted maps in conjunction with that application?

A. This map is a composite of those which appear in that docket and without any subsequent corrections or additions or changes.

Q. You do not know what the status of the certificates
1453 of the various companies involved in this proposed unification is at this time?

A. I do not.

Q. Have you any supplemental data there with you which would enable you, if it should become important as we go along, to indi-

cate which lines are the lines of the respective companies involved in this application?

A. Well, I have considerable data taken from the reports of the Commission which indicate the routes as of the end of 1940.

Q. Have you compared that data with the routes as they are shown on this map?

A. This map is a composite of the routes shown on the maps, as I testified.

Q. Well, you would not be able to indicate the routes of particular companies as they are shown on this Exhibit 21? I mean as opposed to the overall picture.

Mr. MACDONALD. I think the applicants have already put that in evidence in their own application.

Mr. SULLIVAN. Well, I withdraw that question and put it to you this way:

By Mr. SULLIVAN:

Q. Have you compared this map with the maps that have been put in evidence in this application?

A. This map is based upon the maps in Docket 1223.

Q. Why did you use Docket 1223 instead of using the maps in this application.

1454 A. They seemed to be the most readily available and seemed to be the basis for a composite map.

Q. Well, a composite map—

Mr. MACDONALD. Mr. Examiner, there were no maps in this application except the one which applicant has shown, and on that map there is indicated nothing but a grouping of the most important routes traveled. They offered no exhibit showing the detailed routes traveled, so there was no basis for comparison; therefore that question assumes a fact that is not true.

Mr. SULLIVAN. I just asked him why he did not use it.

Mr. MACDONALD. There was nothing to use.

Exam. BAKER. Proceed.

Mr. SULLIVAN. That is all the questions I have, and I stipulate that counsel may continue leading the witness, even though it is direct.

Exam. BAKER. Any more cross-examination?

Any objection to the receipt of the document in evidence?

Mr. SULLIVAN. No; I have no objection.

Exam. BAKER. Exhibit No. 21 will be received in evidence.
(Exhibit No. 21, Witness Berquist, received in evidence.)

Direct examination (continued) by Mr. MACDONALD:

Q. In connection with your investigation of the Associated Transport application, have you made or caused to be made

1455 under your direction and control an analysis of the operations of carriers listed in applicant's Exhibits 2, 3, and 4, relating to the existence of competition in the areas concerned?

A. Yes; I have.

Q. What source or sources of information did you use?

A. Primarily we used the annual reports of motor carriers filed with the Commission pursuant to its requirements. These reports were for the year 1940. In addition, in some cases, we examined the dockets containing the applications of the carriers and other materials in the docket files of the Commission.

Q. You refer to the applications of the other carriers?

A. Yes.

Q. Were all of the carriers listed on applicant's Exhibits found to be Class 1 carriers?

A. No.

Q. How many carriers were there altogether, and how many were Class 1 out of Exhibits 2, 3, and 4?

A. Of the 399 carriers in applicant's Exhibits 2, 3, and 4, there were 144 determined to be Class 1 carriers.

Q. Did you cause any examination to be made of the carriers which were shown not to be Class 1 carriers, and, if so, what did this investigation show?

A. We sampled a cross-section of non-Class 1 carriers to see what the nature of their operations was. We found that 1456 practically all were of a limited local nature or else special commodity carriers. For example, the Albany Highway Express made application for a certificate (MC 25296), describing its business as pick-up and delivery service within 20 miles of Albany. This application was eventually dismissed.

The American Freightways Company application lists, as of September 1940, 5 units of equipment operating in a territory involving 6 states, New York, Pennsylvania, New Jersey, Connecticut, Rhode Island, and Massachusetts; MC 26001 and MC 13423.

The Mohawk Valley Transportation Company of Utica, New York, was shown to be a hauler of beverages only on one route and linoleum on another, with limited rights as to other named commodities. This company operates 6 units (MC 22325 and subs).

Fairclough Express, a contract carrier of packing house products between Buffalo and western Pennsylvania points, using ten trucks, had its application denied (August 6, 1938, MC 62516 and sub).

Heimerl Trucking Corporation, although classed as a contract carrier of general commodities, was shown to be mainly a special commodity hauler of malt beverages and empty containers from

and to New Castle, Pennsylvania, to Buffalo, New York. This company had two units engaged in this business and three in local New York State operations.

1457 Q. Returning to the Class 1 carriers and referring to applicant's Exhibit number 2, what were your general findings as to the operations of these carriers?

A. Exhibit 2 listed 169 carriers. Of this number 37 were found to be Class 1 carriers. On a limited number no annual report or docket was available. Of the 37 Class 1 carriers found 30 were found to be regular route carriers, giving scheduled or nonscheduled service, while 7 were shown to be irregular route carriers.

Mr. MACDONALD. I would like to have marked for identification a document consisting of two pages entitled "Compilation of Gross Intercity Revenues of Class 1 Carriers Included in Applicant's Exhibit 2" on page 1, and "Grouping of Class 1 Carriers by Size of Gross Revenue 1940" on the second page.

Exam. BAKER. The document described will be marked for identification as "Intervenor's Exhibit No. 22."

(Exhibit No. 22, Witness Berquist, marked for identification.)

By Mr. MACDONALD:

Q. Showing you Exhibit marked for identification No. 22, will you state what it is?

A. It consists of a list of the Class 1 carriers from applicant's Exhibit No. 2, with the gross operating revenue of each as taken from their 1940 annual reports to the Commission, together with a chart showing a grouping of these carriers based upon size
1458 as measured by gross operating revenues.

Q. So far as page 1 of the exhibit is concerned, have you any additional explanation to make?

A. I think that page speaks for itself.

Q. On page 2 there are certain numbers, 0 through 30, across the top of the chart. What do they refer to?

A. That just represents a scale which indicates a measurement of the number of carriers as measured by the bars in the left-hand side.

Q. Running vertically from the top to the bottom?

A. That is right. Apparently this scale is a little more than is needed.

Q. And the figures in the left-hand column?

A. They represent the size groups. Thus, the figures 1,000,000 to 2,000,000 would be those carriers that fall within that grouping in terms of gross annual revenue in 1940.

Q. For example, referring to the bracket 200,000 to 300,000, what would that indicate? What would the bar extending into the chart indicate in that case?

A. The bar would indicate there were 9 in that group.

Q. Nine Class 1 carriers?

A. Nine Class 1 carriers of that size.

Q. Was this exhibit prepared under your supervision and control?

A. It was.

1459 Q. Does it correctly portray the facts shown therein?

A. It does.

Mr. MACDONALD. I offer in evidence intervenor's Exhibit No. 22.

Mr. SULLIVAN. No objection.

Exam. BAKER. Exhibit No. 22 will be received in evidence.

(Exhibit No. 22, Witness Berquist, received in evidence.)

By Mr. MACDONALD:

Q. Referring to applicant's Exhibit B-6 contained in the application, what do you find the gross operating revenue of the Horton Motor Lines to be for the year 1940?

A. \$4,250,093.69.

Q. Of the Barnwell Brothers Company?

A. \$2,066,670.71.

Q. And if you add Southeastern to these other two, what will the total be?

A. It will be \$6,747,558.43.

Q. Referring to Exhibit No. 22, Mr. Berquist, how many carriers do you find, if any, with gross revenue equalling that of the Horton Motor Lines?

A. None.

Q. Of the Barnwell Brothers Company?

A. None.

Q. Then, a merger of Barnwell and Horton is a merger of 1460 the two largest companies operating in this territory, is it not?

A. Yes; it is.

Q. And that is assuming, is it not, that all of these lines are competitive with the three consolidating companies?

A. Yes.

Q. What has your examination shown as to the actual existence of competition between each of the carriers listed on the exhibit and carriers of the proposed merger operating in this territory?

A. They are by no means all competitive with members of the proposed consolidation.

Q. Will you summarize briefly what the records of the Commission show as to the operations of each of the companies on Exhibit 22 in their relation to the operations of the members of the proposed merger?

A. Starting with the largest and considering the service from North Carolina points into Metropolitan-New York, Mason Dixon Lines, Inc., is the largest and is competitive. Brooks is also competitive. Great Southern is not. This carrier operates through great areas in Florida, Georgia, and Alabama and has a northwest route from Atlanta into Tennessee. It is competitive in the western area of North Carolina but does not extend north of Winston-Salem.

Broadway Express, Inc., is primarily a middlewest carrier with routes extending from Ohio points east and south. 1461 It also has a route from New York to Winston-Salem. The commodities it handles are limited. It used to be largely tires and now includes cigarettes. All of their equipment except a small part just acquired with the purchase of another line is leased.

Akers Motor Lines, Inc., is principally a long-haul carrier from the south to the Metropolitan New York area with some service to Boston. This line is competitive.

Atlantic States Motor Freight Line covers the Greensboro to New York route, but much of its local business in the south is drawn from eastern North Carolina and South Carolina, where lines concerned in the unification do not operate.

The East Tennessee and Western North Carolina Motor Transportation Company, as its name implies, is largely an east-west operation and has considerable contract operations in addition to its common-carrier service. I would say that this company is substantially not competitive locally and, of course, is not concerned in the North Carolina to New York movement at all.

The Baltimore Transfer Company of Baltimore City runs from Petersburg, Virginia, in the vicinity of Richmond, to New York. It is not competitive with lines in the unification for business originating south of Petersburg except on an exchange basis. It is competitive with regard to business originating in the Richmond area.

1462 New South Express Line Inc., operates in North Carolina, South Carolina, and Georgia. Its only competitive routes are from Atlanta to Charlotte, and from Greenville, South Carolina, to Asheville. It is essentially a feeder line for Barnwell and Horton at Charlotte rather than a competitor. It is not engaged in the North Carolina to New York movement.

The Rutherford Freight Lines, Inc., is another east-west operation, running from Richmond to Chattanooga and also from Rock Hill, South Carolina, to Bristol, with service between some points in North Carolina and Virginia. This line is essentially a feeder and distributor for lines concerned in the unification rather than a competitor. It has a trailer interchange with Barnwell at Lynchburg, the need for which will be eliminated by the proposed merger insofar as overlapping routes are concerned.

Novick Transfer Company operates from Roanoke to New York City but does not enter North Carolina. It is competitive, then, from Roanoke but not for North Carolina business except on an interchange basis. It is largely a rayon carrier from Waynesboro, Virginia.

Horlacker Delivery Service, Inc., should not have been included in the exhibit, as it is shown to be substantially a merchandise distributor only, being a special carrier of films and related supplies, publications, and Fleischmann's Yeast. It operates from Virginia into Pennsylvania and New Jersey.

1463 Overnight Motor Transport Company operates from Alexandria, Virginia, to New York City. It is, then, not in competition for southern Virginia and North Carolina business. It is competitive with Barnwell and Horton for business originating in the Washington area consigned to the New York area.

The Transport Corporation of Virginia has irregular routes only and has been determined to be largely a tobacco hauler.

Harris Brothers Transfer Company has applied for rights covering most of the Charlotte to New York routes. This application is still pending, I understand, so that if any of the claimed routes are denied, it may not be competitive on all of these routes.

Mundy Motor Lines is in competition on the Charlotte to New York run but has little local service in North Carolina. It also operates from Bristol north in competition with Southeastern. It is largely a rayon carrier outbound from Roanoke but carries general freight inbound.

Super Service Motor Freight Company operates from Tennessee to Philadelphia, serving local points in southeastern Tennessee and has an interchange of equipment from Philadelphia to New York. It is, then, a Southeastern competitor.

Miller Motor Express Company is essentially a long-haul carrier from Atlanta to Philadelphia by way of Charlotte and Richmond, with branches to Columbia, South Carolina, and

1464 Wilmington, North Carolina. I understand that it recently bought the Wright Line serving locally in the

Washington area. It is in competition with the unified lines over this long route but draws business from some areas not served by members of the unification.

Preston Trucking Company, Inc., runs from Charlotte and Raleigh to Boston, according to its application, upon which no certificate has yet been issued. My information is that it has no actual operations south of Richmond.

Central Motor Lines, Inc., has irregular routes only, operating out of Kannapolis, North Carolina. Its out bound business is largely confined to products of the Cannon Mills.

Of the seventeen remaining smaller companies, the only general commodity carrier with an established route north from the Carolina area into the Metropolitan New York-area is Red Line, Inc., which is substantially a mover of household goods, office and storage equipment, and articles requiring special handling. It operates twenty-one units.

Five of these smaller companies operate from Virginia points north. These are Cochrane Transportation Company, operating ten units; East Coast Freight Lines, from Richmond north; Atlantic Coast Freight Lines, Inc., from Richmond to New York; Colonial Motor Freight Line operates from High Point via Richmond to Baltimore, and is largely a furniture carrier. R. C. 1465 Motor Lines, Inc., operates from Jacksonville, Florida, via

High Point and Greensboro to Baltimore. It also operates from Jacksonville to Charlotte, North Carolina. The remaining eleven lines operate locally in the Southeastern Atlantic states area over routes in some cases competitive and in some cases not. Several have no regular route operations.

Q. Did you find that some carriers of substantial gross revenue, although certified as common carriers of general commodities, actually engage very largely in special-commodity hauling for large manufacturing concerns?

A. Yes.

MR. SULLIVAN. Excuse me, Mr. Examiner—I beg your pardon.

EXAM. BAKER. In connection with that, I would like to know what you mean by being engaged very largely in hauling particular commodities. How did you determine that?

THE WITNESS. Well, the carriers that haul for Cannon Mills, for example, are tobacco haulers.

EXAM. BAKER. I mean, how did you determine that a particular carrier was engaged very largely in handling tobacco products, or furniture, or whatever the commodity might be? Was it from an examination of the Commission's docket that you determined that he only had operating rights for this commodity, or have you made an investigation?

The WITNESS. In some cases the reports indicate that; and 1466 then, again, I may say, Mr. Examiner, I have had several men working over here and they have gathered certain information, which in some cases I have not seen myself, but they have given it to me as being information that they have gathered in their efforts to get the information that was sought in the files of the Commission.

Mr. SULLIVAN. Well, you have asked substantially what I was going to ask, as to the basis for his statements that a carrier was this kind of a carrier or that kind of carrier. It does not appear that the witness is qualified to give the sort of testimony he is giving and has been giving. I object to it.

Mr. MACDONALD. What part do you object to, may I ask?

Mr. SULLIVAN. The characterization of somebody as being principally a textile hauler, or principally a tobacco hauler, principally this, principally that. It does not appear there is any foundation for an opinion on his part, and we do not know what that is based on.

Mr. MACDONALD. Do you know that the annual report which is submitted to the Commission asks the carriers to specify the type of commodity they carry?

Exam. BAKER. I feel, Mr. Macdonald, in view of the objection, that where Mr. Berquist has occasion to refer to the type of operation he should state at least the source of his information so 1467 that appropriate weight may be given to it. Will you do that in the future.

By Mr. MACDONALD:

Q. Summing up, then, which companies have you found that are in main-line competition from North Carolina and eastern Tennessee points into the Metropolitan New York area with through-route service?

A. The Mason Dixon Lines, Brooks Transportation Company, Roadway Express, Akers Motor Lines, Atlantic States Motor Freight Lines, Harris Brothers Transfer Company, Mundy Motor Lines, Super Service Motor Freight Company, Miller Motor Express Company, Preston Trucking Company, Inc.

Q. What is the combined gross revenue of these ten companies as determined from Exhibit 22?

A. \$8,505,677.72.

Q. Recalling the figure of \$6,747,558.43 as the total operating revenues of Horton, Barnwell, and Southeastern, what have you to say regarding the comparative gross operating revenues of the lines concerned in the application and the north-south operators not concerned in the merger?

A. Recognizing that part of the business at least of the ten companies not in the merger is gained in areas not competitive with territory covered by the merged lines, as is the case, the merger of these three companies results in a consolidation of practically one-half the gross operating revenue of motor carrier traffic over this north-south route.

Mr. SULLIVAN. Mr. Examiner, I object to that conclusion, 1468 unless he specifies more fully how he reached it. In any event, I say it is so incompetent as to be of no probative value, because he measures traffic entirely by the route.

Mr. MACDONALD. Mr. Examiner, I have no objection to an objection, but argument by counsel is interfering with the direct examination.

Exam. BAKER. That conclusion, of course, is subject to argument, Mr. Sullivan, and I believe you have stated the basis of it.

By Mr. MACDONALD:

Q. Mr. Berquist, your conclusion was based, was it not, on the operating revenues of single line north-south haulers?

A. That is correct.

Q. Are you familiar with the application of Transport, Inc., contained in Dockets MC-F-1223, 1244, and 1264, heard about a year ago?

A. Yes; I know something about it.

Q. Have you had occasion to examine certain of the exhibits contained therein, specifically Exhibit No. 35 containing the comparative net profit statement of the companies concerned in that application?

A. Yes; I have.

Q. How many over-the-road companies were listed on that exhibit?

A. Twenty-eight.

Q. What was the total net profit for those companies?

1469 Mr. SULLIVAN. Just a minute. I object.

Exam. BAKER. I do not think that is pertinent, Mr. Macdonald. I do not see the relevancy of it.

Mr. MACDONALD. It is to show the comparative profit of the companies therein concerned as compared with those companies of the total 28 that are in this application herein.

Exam. BAKER. I do not see how it is relevant. The objection is sustained.

By Mr. MACDONALD:

Q. Taking applicant's Exhibit No. 3 pertaining to the lower New England states of Massachusetts, Connecticut, and Rhode Island, how many carriers were listed on that exhibit?

A. 169.

Q. How many did you determine to be Class 1 carriers?

A. 72.

Q. Were there some others upon which no Commission records were available?

A. Yes; there were a few.

Q. What did you find in regard to the general route operations of the Class 1 carriers listed in applicant's Exhibit No. 3?

A. Fifty-nine were shown to be regular route operators. Three were shown to be carriers of special commodities only. Six were shown to be irregular route operators, and four were shown to be giving radial or non-radial service over regular routes.

Q. Have you caused to be prepared an exhibit showing 1470 the comparative gross revenue of these carriers for the year 1940?

A. Yes; I have.

Q. I show you these papers, which I would like marked for identification, entitled "Compilation of gross intercity revenues of Class 1 carriers included in Applicant's Exhibit No. 3" on the first page, with a second page continuing that list, and a third page entitled "Grouping of Class 1 Carriers by Size of Gross Revenue 1940" —

Exam. BAKER. The document described will be marked for identification as intervenor's Exhibit No. 23.

(Exhibit No. 23, Witness Berquist, marked for identification.)

By Mr. MACDONALD:

Q. I show you these papers marked for identification "Intervenor's Exhibit No. 23" and ask you to tell us what it is.

A. It is a list of the Class 1 carriers included in applicant's Exhibit No. 3 with the gross operating revenue of each as taken from their 1940 annual reports to the Commission, together with a chart showing a grouping of these carriers based upon size as measured by gross operating revenues.

Q. Does it accurately show those portions of the Commission's records which it purports to show?

A. Yes; it does.

Q. Is it in essence the same type of exhibit which is in evidence as intervenor's Exhibit No. 22? 7

1471 A. That is correct.

Q. So that the explanation you gave as to intervenor's Exhibit No. 22 also explains this exhibit?

A. Yes; the same thing.

Mr. MACDONALD. I offer in evidence Exhibit marked for identification "No. 23."

Mr. SULLIVAN. No objection.

Exam. BAKER. Exhibit No. 23 will be received in evidence.
(Exhibit No. 23, Witness Berquist, received in evidence.)

By Mr. MACDONALD:

Q. Mr. Berquist, what have you found regarding the operations of each of the carriers shown on Exhibit 23?

A. Starting with the largest and going down the list, this is what our study showed: Liberty Motor Freight Lines, Inc., the largest listed, operates between New York City and Boston on the east and Chicago, Illinois, on the west, with service to such points as Pittsburgh, Cleveland, Erie, Albany, and Baltimore. So far as local New England business is concerned, this carrier would not seem to be competitive at all except on the Boston to New York route and perhaps the Albany to New York route. Certainly its large volume is not drawn to any appreciable extent from the area concerned in this exhibit. Adley Express Company—

1472 **Mr. SULLIVAN.** Just a minute. I object to the conclusions of the witness.

Mr. MACDONALD. These are conclusions not as to the commodity carried but as to the routes, which is an inference of fact which a statistician is competent to testify to who is experienced in dealing with material of this kind.

Exam. BAKER. Well, Mr. Berquist, do you have any data upon which you base your conclusion that a majority of its revenues are not derived from traffic in the New England area?

The WITNESS. Only as to a study from the routes given in the annual report, Mr. Examiner, and while they do not indicate the actual tonnage carried, the routes seem to indicate where their coverage is.

Exam. BAKER. I suggest that you may develop this matter on cross-examination, Mr. Sullivan. You may proceed.

The WITNESS. Adley Express Company is the largest of the lines actually in competition with McCarthy and Consolidated in this area. It runs from Boston to Philadelphia—

Mr. SULLIVAN. Mr. Examiner—excuse me. I think in view of the fact that the witness is reading from a prepared statement that he should be instructed to go slower so we would have some sort of chance to keep up with him.

Exam. BAKER. Will you please read slower, Mr. Berquist.

The WITNESS. Yes, sir.

1473 **Adley Express Company** is the largest of the lines actually in competition with McCarthy and Consolidated in this area. It runs from Boston to Philadelphia over four routes and has in addition regular routes in western Connecticut and

Massachusetts. Except for points on the New York-Philadelphia routes originating from Boston, this carrier shows no feeder routes in the eastern section of this three-state area.

Seaboard Freight Lines, Inc., have a main-line route from Boston to Washington with a service at Baltimore, Philadelphia, New York, New Haven, and Providence. Another route runs from Boston to Worcester to Westfield, Massachusetts, and then up to Albany. Local points are served in Connecticut and in the Hudson River Valley. It is essentially a main-line operation with few feeder lines and it does not serve the northern part of Massachusetts.

New England Transportation Company is substantially a lower New England carrier. It operates in Connecticut, Rhode Island, and in Massachusetts south of a line running from Boston to Worcester to Springfield to Great Barrington. Like Adley, then, it has only partial local coverage.

The M. & M. Transportation Company operates from Boston to Newark to Philadelphia. It is a long-haul carrier and does not enter into the local picture.

A. Towle Company—

MR. SULLIVAN. Just a minute. I object to the conclusion that it does not enter into the local picture, unless he shows some fact on which he determined that. That goes beyond the question of credibility, I think.

MR. MACDONALD. Mr. Examiner, Mr. Berquist has his work sheets on every carrier concerned here, and on cross-examination Mr. Sullivan can bring out what each carrier reported to the Commission in his annual report so far as his operations are concerned. We will be glad to give that type of information to him, but I do think that it goes logically under cross-examination.

EXAM. BAKER. I feel that is the best way of meeting the situation, Mr. Sullivan. You can bring out the sources of his information on cross-examination.

Proceed.

THE WITNESS. A. Towle Company gives nonscheduled service locally in Massachusetts and Rhode Island and long-haul business to Philadelphia, operating out of Boston. It operates Boston to New York over four routes, giving service to points between, but does not cover Connecticut or western Massachusetts.

Gay's Express, Inc., operates from New York to Albany and from there to points in Vermont. It has one route through central Massachusetts to Hartford. The great bulk of its routes are in Vermont and New Hampshire. This line is not in competition in the three-state area.

Old Colony Forwarding Corp. gives New York scheduled service over one specified route between Boston and New York. It is limited to hauling freight within twenty-five miles of the State House in Boston and in metropolitan New York to the area east of the Hackensack River. It is competitive only with the long-haul business to New York.

Stones Express, Inc., operates from Boston to New York and from Boston to nearby local points. It has contract-carrier business almost equal to its common-carrier business. Its competition is limited almost entirely to the one Boston to New York route.

Hemingway Brothers Interstate Trucking Co. operates over routes local to Rhode Island, nearby Massachusetts points, and southeastern Connecticut, serving Providence, Norwich, and New London, New Bedford, Boston, and Worcester.

St. Johnsbury Trucking Company is entirely limited to Vermont and New Hampshire, except for one route through Boston to Providence.

Capitol Motor Transportation Co., Inc., operates from Boston to Maine and New Hampshire points and also to western Massachusetts, to Providence and to Bridgeport. A considerable portion of its business seems to be drawn from an area not affected by this unification.

A. B. & C. Motor Transportation Co., Inc., has routes from Fitchburg, Massachusetts, to New York City, serving points in eastern and northern Massachusetts and in Rhode Island.

It does not compete in western Massachusetts or Connecticut and is concerned mainly in the long-haul rather than in the local business. H. P. Welch Company—

Mr. JOSELOFF. Would you mind going a little slower, please?

The WITNESS. I am sorry.

Mr. JOSELOFF. If you will repeat the last one—

The WITNESS. I will.

A. B. & C. Motor Transportation Company, Inc., has routes from Fitchburg, Massachusetts, to New York City, serving points in eastern and northern Massachusetts and in Rhode Island. It does not compete in western Massachusetts or Connecticut and is concerned mainly in the long-haul rather than in the local business.

H. P. Welch Company operates from Boston into New Hampshire and Vermont, having one route to New York from New Hampshire. A considerable portion of its business is by contract and it furnishes no competition at all in the territory here concerned.

Shawmut Transportation Company, Inc., operates from Boston and Providence to New York and Philadelphia with service to limited points between. It is not concerned with the local business.

Burgess Express Company, Inc., serves many points in Massachusetts and Rhode Island east of Worcester, Massachusetts, and south of Lowell. It gives local eastern competition.

1447 McFarland & Stampel Trucking Company operates between Newark, New Jersey, and points in lower New England, including New Haven and Wetherfield in Connecticut, Westfield, Holyoke, Boston, and Springfield in Massachusetts, and Providence in Rhode Island. It has no local or feeder routes.

Wm. McCullough Transportation Company, Inc., is an irregular route operator from East Rutherford, New Jersey.

The National Transportation Co., Inc., runs from Perth Amboy, New Jersey, to New York to Bridgeport to Hartford to Willimantic, Connecticut, with return via Meriden and New Haven. It is in local competition in Connecticut only.

M. & R. Transportation Co., Inc., is engaged in long-haul business, giving nonscheduled service between New York and Boston over three regular routes.

Henry Jenkins Transportation Co., Inc., covers many routes in the Massachusetts, Connecticut, and the Rhode Island area. It is competitive with regard to the local business only.

Holmes Transportation Service operates regular and irregular routes from Worcester, Massachusetts, north into New Hampshire. This line is a feeder rather than a competitor.

The H. T. Smith Express Company operates locally in Connecticut with one route from Meriden to Boston.

Darcey Transportation Company, Inc., operates lines locally in Connecticut with further routes forming a triangle to Boston, Providence, and back to Connecticut points.

1478 Lombard Brothers, Incorporated, is an interstate route from Marcus Hook, Pennsylvania, to Northampton, Massachusetts, via Waterbury, Connecticut, with a branch from Waterbury to Pittsfield, Massachusetts. It has some local routes in eastern Pennsylvania, New Jersey, and Connecticut.

J. Coyle operates from Rockport, Massachusetts, to New York via Boston and Springfield. It is a single-route operation not concerned in the local business.

Emmott Valley Transportation Company operates from Uxbridge, Massachusetts, to points in Massachusetts and Connecticut, having several routes to New York from Boston and Uxbridge. It is a competitor locally in eastern Massachusetts and portions of Connecticut.

By MR. MACDONALD:

Q. Of the remaining 46 carriers as shown on Exhibit 23 with operating revenues below \$300,000 annually, are there any with routes that cover substantially all of the Massachusetts, Connecticut, and Rhode Island area?

A. No. Many are irregular-route operators, giving no indication of points served. Others are single-line operators, and most are limited to only a few routes. Several are shown to be single-commodity haulers.

Q. That is, shown in the records of the Commission?

A. That is right.

Q. Summing up, Mr. Berquist, what carriers did you find with coverage in this New England territory equal to that of the 1479 McCarthy Freight System, Inc.?

A. None. The Adley Express Company does not appear to have any extended facilities for services in eastern Massachusetts. The New England Transportation Company misses most of northern and western Massachusetts. Seaboard is substantially a New England to middle states area carrier and does not have extensive local coverage. The M. & M. Transportation Company is largely a shuttle service between concentration points not particularly concerned in extensive local operations.

A. Towle Company does not cover Connecticut on local business. Gay's Express, Inc., is almost entirely in another territory. Old Colony Forwarding Corp. and Stones Express, Inc., like the M. & M. Transportation Company, are concerned almost entirely with the long-haul, single-route movement into the New York area and points south. Hemingway Brothers are largely local in Rhode Island, and the St. Johnsbury Trucking Company is another Vermont and New Hampshire carrier. The routes of Capitol Motor Transportation Company, Inc., are about half and half in this territory and in the New Hampshire territory.

1480 A. B. & C. Motor Transportation Company is not particularly concerned in the western Massachusetts operations. Of the companies in the \$300,000 to \$400,000 bracket, four seem to be engaged in the long-haul Boston to New York movement; two are substantially New Hampshire carriers, serving irregular routes, and the remainder serve only portions of the territory served by McCarthy and by Consolidated in this three-state area.

Q. Turning now to applicant's Exhibit B-6, what does this show as to the operating revenue of the McCarthy Freight System, Inc., for the year 1940?

A. \$1,901,634.04.

MR. SULLIVAN. I do not want to interrupt, but I wonder if he can tell us what part of Exhibit B-6 he takes those from. There are several pages to B-6.

Mr. MACDONALD. The question was directed to applicant's B-6 as indicated in the application in this proceeding, Docket MC-F-1612, Form B. M. C. 45, entitled "Associated Transport, Inc., Summary of Comparative Statement of Income, Profit and Loss, of the Carrier and Noncarrier Companies Included in the I. C. C. Application for the Calendar Years 1939, 1940, and Four Months Ended April 30, 1941, Per Books, and Estimated for the Eight Months May 1 to December 31, 1941."

By Mr. MACDONALD:

Q. Showing you this exhibit, Mr. Berquist, will you indicate which figures you used?

1481 Exam. BAKER. Those things speak for themselves, anyway, in the record, do they not, Mr. Macdonald?

Mr. SULLIVAN. There are several columns, Mr. Examiner, per books, as adjusted, and so forth. I want to know which figure he has taken this from. It could be one of several figures.

Exam. BAKER. Do you refer, Mr. Berquist, to the revenues for the year 1940?

The WITNESS. That is correct. It is shown in the second line in the tabulation under the third column under the general heading of "McCarthy Freight System, Inc., 12 months 1 '41 to 12 '31" and the figure given there is \$1,901,634.04.

Mr. SULLIVAN. All right. Now I know which one he is using, so I can follow him.

Mr. MACDONALD. For my information, is the adjusted figure in the applicant's Exhibit different from the per books figure as to gross operating revenue?

Exam. BAKER. I believe it would be in the case of McCarthy, wouldn't it? The record will show that anyway.

Mr. MACDONALD. Will the Reporter read the last question and answer to refresh the witness' memory as to his place?

(The record was read.)

By Mr. MACDONALD:

Q. And what is the figure for Consolidated Motor Lines, Inc., for the year 1940?

A. \$4,565,539.36.

1482 Q. And the total would be what?

A. \$6,467,173.40.

Q. The record shows that Consolidated conducts 25 percent of its operations in New York rather than in this lower New England territory. What have you to say as to the effect of this on the gross operating revenue figure for Consolidated?

A. Part of the \$4,565,539.36 was secured from territory outside of Massachusetts, Connecticut and Rhode Island.

Q. What has your examination shown regarding the other carriers on this Exhibit No. 23 not included in the merger as to their operations outside of this territory?

A. Four of the five largest competitive carriers operate routes to the Philadelphia or Baltimore areas, naturally securing considerable of their revenues from this long-haul business.

Q. What have you to say, if anything, in regard to a comparison of the gross revenues of McCarthy and Consolidated with the gross revenues of the other competing lines in this area?

A. It would take a combination of the five largest companies, Adley, New England, Seaboard, M. & M., and A. Towle, to equal the gross operating revenues of McCarthy and Consolidated.

Q. What does the record show as to the revenue of McCarthy and Consolidated as compared with the revenues of any individual competitive line operating in this territory?

A. The McCarthy-Consolidated total is three times greater than that of any single company left in the area.

1483 Q. What does your study show, if anything, as to the existence of any other motor carrier having local pick-up and distribution routes in the New England area equal to those of McCarthy and Consolidated and having routes into the North Carolina-Tennessee areas?

A. There are none.

Q. Referring now to applicant's Exhibit No. 4, what were your general findings as to the operations of the carriers shown in this list?

A. Exhibit 4 listed 177 carriers. Of this number, 35 were found to be Class 1 carriers. For a very few, no annual report or docket was available. Of the remaining 35 one was found to be in a local drayage business. Five had irregular route operations, and one was a special carrier of films and accessories.

Q. This is information determined from the files of the Commission?

A. That is correct.

Mr. MACDONALD. At this time I would like to have marked for identification an exhibit entitled on the first page "Compilation of Gross Inter-city Revenues of Class 1 Carriers Included in Applicant's Exhibit No. 4" and on the second page "Grouping of Class 1 Carriers by Size of Gross Revenue 1940."

Exam. BAKER. The document described will be marked for identification as "Intervenor's Exhibit No. 24."

1484 (Exhibit No. 24. Witness Berquist, marked for identification.)

By Mr. MACDONALD:

Q. Showing you Exhibit marked for identification "No. 24," will you state what it is?

A. It consists of a list of the Class 1 Carriers taken from applicant's Exhibit No. 4, together with the gross operating revenue of each as shown in their 1940 annual reports to the Commission, together with a chart showing a grouping of carriers on the basis of size of gross operating revenues.

Q. Where did you secure the information contained in this exhibit?

A. From the files of the Commission.

Q. Was the exhibit prepared under your supervision and direction?

A. It was.

Q. Is it essentially the same type of exhibit as intervenor's Exhibits 22 and 23?

A. It is.

Q. And the description of those exhibits would also serve as a description of this exhibit?

A. That is correct.

Q. Does it correctly portray the facts shown therein?

A. It does.

Mr. MACDONALD. I offer it in evidence.

Mr. SULLIVAN. No objection.

1485 Exam. BAKER. Exhibit No. 24 will be received in evidence.
(Exhibit No. 24, Witness Berquist, received in evidence.)

By Mr. MACDONALD:

Q. What has your investigation shown as to the actual existence of competition between each of the carriers shown on the exhibit and carriers of the proposed merger?

A. Some of the carriers are shown not to be competitive at all and others only in part.

Q. Will you summarize briefly what the records of the Commission show as to the operations of each of the carriers shown in the exhibit in their relation to the operations of members of the proposed merger?

A. Interstate Motor Freight System is a very large general freight carrier blanketing Illinois, Michigan, Wisconsin, and Ohio. In addition it has routes into the east mainly from Ohio originating points. Insofar as its west to east movements through western Pennsylvania into New York, Philadelphia, and Baltimore destinations are concerned, its routes are not competitive. In two local areas, it is competitive. One area is the western New York area involving several of the principal cities. The other area

includes three routes from Boston to near-by New England destinations. In addition, it has routes from New York to Albany and Buffalo and to Washington.

1486 Insofar as the Moran territory is concerned, this line is competitive in the western New York points, but the bulk of its business obviously is carried on throughout the remainder of its very large system, embracing the states of Illinois, Michigan, Wisconsin, and Ohio. Essentially, this is an east-west carrier and is complimentary rather than competitive to the system which would be set up by the proposed merger.

Keeshin Motor Express Company, Inc.: It is not necessary to go extensively into the operations of this company. Three-fourths of its routes are in territory not concerned in this application. It does have routes competitive with those of members of the merger contained in the area between Buffalo, Syracuse, Binghamton, and Albany. Here again is a large east-west carrier having some overlapping of routes with carriers concerned in the application.

Midwest Haulers, Inc., operate out of Cleveland, Ohio, for points in Michigan, New York, Pennsylvania, Massachusetts, and Ohio. It is competitive between Cleveland and Erie and Cleveland and Buffalo, Rochester, and Syracuse. Its operation from Cleveland to Boston is also competitive. It has additional lines from Baltimore north to western New York points and from Baltimore to Philadelphia to Springfield, Massachusetts. These competitive routes amount to about one-third of the total routes listed for this company.

Q. Mr. Berquist, you might proceed a little more slowly
1487 to give the gentlemen a chance to follow you.

A. I am sorry. I did not mean to, I assure you.

Mr. SULLIVAN. What do you mean, give us a chance or read so fast?

The WITNESS. Read so fast. I was not conscious of it.

A. (Continuing.) Trans-American Freight Lines, Inc., operates between points in Michigan, Illinois, Ohio, Missouri, and Indiana. In addition it has lines for Detroit to Pittsburgh, from Cleveland to New York City, and from Cincinnati to Buffalo. None of these routes is competitive.

Motor Express, Inc., covers eastern Ohio and western Pennsylvania with routes from Toledo to Buffalo and from Cleveland and Erie to Wheeling and Pittsburgh. These two companies, then, Trans-American Freight Lines, Inc., and Motor Express, Inc., should not have been inserted into applicant's Exhibit No. 40.

Spector Motor Service, Inc., has five main routes from mid-western points of St. Louis, Kansas City, Illinois and Chicago to eastern terminals at New York, Philadelphia and Boston. Eastern

branch routes in the territory here concerned run from Harrisburg to Baltimore, Albany to New York, and between a limited number of towns in western Massachusetts and Connecticut, with one route from New Haven to Boston. *So far as Moran territory is concerned, no local routes in western New York were listed.

1488. W. T. Cowan, Inc., operates from Alexandria, Virginia, to Baltimore and Philadelphia, with routes running from these points to Scranton, Binghamton, and New York. It is a feeder line to New York territory rather than a competitor with New York operators.

The Western Express Company operates from Cincinnati, Toledo, and Cleveland to western New York cities and between some of those New York points. Except for business originating in the lower Ohio territory, it is competitive.

Lyons Transportation Company has one route from Akron to New York by way of Cleveland and Buffalo with an off route from Buffalo to Niagara Falls. It has special commodity authorization for some New York, Ohio, and Pennsylvania routes, limited to petroleum products and iron and steel products.

York-Buffalo Motor Express, Inc., operates from Philadelphia; Baltimore; York, Pennsylvania; Harrisburg, Lancaster, Pennsylvania; Reading, Pennsylvania; and Williamsport, Pennsylvania, to Buffalo, Rochester, Syracuse, and Niagara Falls. With respect to Moran's traffic from New York points south into Sunbury, this is competitive, but the Moran lines do not extend into the Philadelphia, Baltimore, York, Harrisburg, Lancaster area. Merger of the lines concerned in the application will make this operation substantially competitive.

Niagara Motor Express, Inc., operates from Buffalo to 1489 Albany, serving points in between.

A. & B. Fast Freight, Inc., is another Ohio carrier operating in a few limited areas in the territory here under consideration. These are the western New York area and territory near to York, Pennsylvania, with one route from Frederick, Maryland, to Rochester, New York.

Mushroom Transportation Company, Inc., serves generally from the Philadelphia-Baltimore area into the Baltimore-Syracuse area.

Onondaga Freight Corp. operates in western New York and from Syracuse to Albany, Albany to New York, and Albany to Boston.

Red Star Express Lines of Auburn operates from Auburn, New York, to western New York points, with one route to New York City.

Highway Freight operates no regular routes and is located in Maplewood, New Jersey.

Shirks Motor Express Corp. operates from Lancaster, Pennsylvania, to Rochester to Cleveland and to Baltimore and Wilmington.

Of the remaining 14 carriers with gross revenues of less than \$300,000, one is a local drayage concern, 4 are irregular route operators, one is a special commodity carrier only, one operates between the Washington-Baltimore area to Syracuse, one is a 1490 Cleveland to Rochester single-route operator, and the remainder serve small portions each of the New York territory.

Q. In summary, then, what have you to say about the competition offered by Interstate Motor Freight System, Keeshin Motor Express Co., Inc., and Midwest Haulers, Inc., the three largest carriers?

A. Though actually very large operators in the area concerned in this merger, the three companies named actually serve less territory than some of the smaller local companies. No importance should be attached to their size as an indication of their competitive position in this territory. As a matter of fact, in regard to the territory here concerned, the names Interstate or Keeshin or Midwest Haulers, Inc., mean no more than the name Onondaga Freight Corp., since the operations of these three are no more extensive than that of the latter, and possibly less.

Q. What have you to say about the remaining companies shown in the exhibit?

A. I have already stated that Trans-American Freight Lines, Inc., and Motor Express, Inc., have been shown to be noncompetitive operations. There is a small section of highway at the western end of Moran's operations which may be commonly used by these carriers, but points of origin lying in Ohio and midwest points in each case is different from those of Moran. Spector 1491 for Motor Service, Inc., is shown to be a through-route operator from midwest points to points on the East Coast. The only operation which it has in competition with lines concerned in the application is one in the vicinity of the Hudson River Valley with an extension through Connecticut to Boston. W. T. Cowan, extending as it does only so far north as Binghamton, New York, is not in competition in the New York area.

Of the remaining carriers, certain others have been shown to be at least in part not competitive with lines concerned in the merger. These include the Lyons Transportation Company which has considerable special commodity operations in western Pennsylvania, and the A. & B. Fast Freight, Inc., which has considerable operation in Ohio and western Pennsylvania. The smaller companies I have already summarized.

Q. You have indicated the routes of the carriers, Mr. Berquist. What descriptions of routes have you based your testimony on?

A. I based the description of the routes on the information supplied in the annual reports to the Commission as described on page 51, "Regular Routes over which Respondent Operated at Close of Year."

Q. And when you have referred to the routes of the companies concerned in this application, have you referred to their annual reports or to the map shown in the application?

A. I have referred to the map shown in the application.

Q. When you have stated a conclusion as to the volume of 1492 a carrier in any certain territory, have you based that on a comparison of the mileage outside of the competitive territory as compared with the mileage inside the competitive territory?

A. Well, with what appeared to be the extent of the lines within and without.

Q. That was based on the assumption, then, that there was an equal distribution of volume over the companies?

A. That is correct. There was no segregation of volume by these areas; it was only based on a general distribution of the lines themselves.

Q. Do you assume to state that the volume actually does fall in those proportional balances; that is, equal tonnage on every route mile?

A. No, sir.

Q. That is just an assumption on which you base your testimony?

A. That is just an assumption; yes.

Q. I ask you to state whether you have caused applicant's Exhibit No. 6 to be examined to discover the Class 1 carriers included therein which were not included in applicant's Exhibits Nos. 2, 3, and 4.

A. In applicant's No. 6 there were found to be 23 Class 1 carriers which did not appear in any of the Exhibits 2, 3, and 4, and there were 6 Class 1 carriers—of those there were 6 for which there were reports in the Commission.

1493 Q. Available to you, you mean?

A. That is right.

Q. Will you please indicate generally the operations of each of those filed in the Commission?

A. It is by volume.

Q. Well, summarize generally, if you have the material before you, the operations of each of those carriers. Do you have with you the work sheets which you secured in connection with

your examination of the Class 1 carriers in applicant's Exhibit No. 6?

A. Yes; I do. In answer to your question, as to the size of the carriers by volume, there were two under one hundred thousand—that is gross revenue—for 1940; twelve that fell within the bracket one hundred thousand to two hundred thousand; two from two hundred thousand to three hundred thousand; one from three hundred thousand to four hundred thousand; three from four hundred thousand to five hundred thousand; one five hundred thousand to six hundred thousand; and there were two for which no figures were given as to gross revenue.

Q. Will you refer now to your work sheets on the Class 1 carriers in applicant's Exhibit No. 6 additional to those contained in applicant's Exhibits Nos. 2, 3, and 4 with respect to operations?

A. Individually?

1494 Q. Yes.

A. J. C. Driscoll had a revenue of \$128,636, and it operated from Boston to Gardner, Maine, Lewiston, Maine, Portland, Maine, Dover, New Hampshire, and Manchester, New Hampshire, five points; and six points, Boston to six points in Massachusetts and Rhode Island, Pittsfield, Westerly, Fitchburg, New Bedford, Providence, and Fall River. The Eastern Motor Freight Lines, as it is given in the exhibit, no carrier by that exact name was found; but one, The Eastern Motor Dispatch, was found.

Mr. MACDONALD. Before you proceed with that, is it possible for counsel to stipulate that the name was incorrect on the exhibit, or do they have that information available?

Exam. BAKER. Does counsel know?

Mr. MACDONALD. I might state that several were given in abbreviated form, so it is possible the exhibit did not purport to give the legal name of the company.

Exam. BAKER. Was the address given in the exhibit?

Mr. MACDONALD. Yes; it was.

Exam. BAKER. Off the record a minute.

(Discussion off the record.)

Exam. BAKER. Back on the record.

By Mr. MACDONALD:

Q. Will you continue with your summary, Mr. Berquist?

1495 A. It had a gross revenue of \$409,334 in 1940, and operated routes from Cincinnati, Ohio, to Boston, New York, and

Washington, D. C.; from Columbus to Boston and Scranton, Pennsylvania, and from Cincinnati to Scranton; Cleveland to Northumberland, Pennsylvania; from Fredonia, New York, to Jamestown; from Horseheads, New York, to Cortland; from

Syracuse to Binghamton; from Albany to New York; and it also operated a network in the State of Ohio. Dysart's Transportation had a gross revenue of \$176,330. It operated a route from Boston to Bar Harbor via Bangor. This operation would appear not competitive in this area for interstate business; that is, in the area considered in this application.

Q. You refer to applicant's Exhibit No. 6?

A. What is that?

Q. You refer to applicant's Exhibit No. 6—

A. That is right.

Q. When you refer to the territory?

A. That is right. Manning's Express is shown in the exhibit. The name of the carrier we found to be S. B. Manning, which we have taken. It operates a route from Bellows Falls, Vermont, to North Clarendon and North Thelford, Vermont, Lebanon, New Hampshire, and Leominster, Massachusetts. Its annual gross revenue was \$60,000 for 1940. This is a noncompetitive operation for interstate business as considered in this application.

1496 Alger Brothers, Inc., had a gross revenue of \$281,126; operates from Boston, Massachusetts, to points in Maine, Vermont, New Hampshire, and Northwestern Massachusetts.

The Boston and Maine Transportation Company had a gross revenue as a common carrier of \$518,772; as a contract carrier of \$110,339, and its route is from Boston to Vermont and New Hampshire, and to Portland, Maine, and many intermediate towns.

This operation is noncompetitive for interstate business.

The Cole Teaming Company, Providence, Rhode Island, operates as a general commodity carrier over irregular routes, non-radial routes. It had a gross revenue of \$63,710 as a common carrier, and \$125,594 as a contract carrier.

Craft's Motor Transportation, Inc., had a gross revenue of \$164,642, and operates routes from Newport, Vermont, to Boston, Massachusetts, Richford, Vermont, to Boston, Massachusetts, and Newport, Vermont, to Portland, Maine. This operation is noncompetitive for interstate traffic in connection with this application.

Atlantic Motor Express, Inc., had a gross revenue of \$487,075, and operated routes from Boston to Bath, Maine, Portsmouth, New Hampshire, to Dover, Dover to Somersworth, Dover to North Berwick, and a number of other short routes in Maine. This operation is noncompetitive for interstate business.

Mills Transfer Company had a gross revenue of \$120,592; 1497 operates routes from Boston, Massachusetts, to Manchester, New Hampshire, and from Boston, Massachusetts, to Haverhill, Massachusetts, Bridgewater, Connecticut, and Beverly, Massachusetts.

Munroe & Arnold-Merritt Express, Inc., had a gross revenue of \$160,098, and operates over the routes from Beverly, Massachusetts, to Boston, and from Peabody, Massachusetts, to Boston.

Service Transportation Company of Torrington, Connecticut, is given in the exhibit. A Service Transportation Company was found, but apparently does not operate in New England, and apparently is not the same—is not the carrier that we found among the Commission's reports.

Q. Omit it, then, and go to the next one.

A. Willey's Express had a gross revenue of \$196,897, and it operates in the Boston area and to Vermont, Rhode Island, and New Hampshire.

Wooster Express, Inc., had a gross revenue of \$267,432 and operates from Northampton to Newark, New Haven, Farmington, Hartford, Boston, and New Bedford.

Yoniden, Smith & Hopkins had a gross revenue of \$248,818; operated from Providence to Boston, Providence to Lowell, Graniteville, and Maynard. The character of service of this carrier: It carried wool, cotton, and byproducts, and operates altogether in eastern New England.

1498 Kirby's Express was the name given of the carrier in the exhibit. A carrier known as Kirby & Kirby, Inc., was found, which had a regular route unscheduled service, with gross revenue of \$479,479, and operated from Trenton to New York, Trenton to Waterbury, Connecticut, and Trenton to Philadelphia.

Shippers Service Express, Inc., had a gross revenue of \$46,708; operated regular route, nonscheduled service, from Boston to Springfield, Worcester, and from Springfield to Thompsonville, Massachusetts.

N. F. Smith & Company, Lowell, Massachusetts, was the name of a carrier given in the exhibit. The name of the carrier filed with the Commission is Nathan F. Smith & John F. Partels; had a gross revenue of \$168,804, operated from Manchester, New Hampshire, to Boston and Lowell, Haverhill, Milton, and Beverly, Massachusetts.

Stackpole's Motor Transportation had a gross revenue of \$154,076, operated from Boston to Milton, to North Rochester; Providence, Newark, Utica, and Rochester.

Sterling Express, Inc., had a gross revenue of \$157,470; operates from Boston to Lawrence, Manchester, Seabrook, Raymond, New Hampshire.

J. J. Sullivan, the Mover, had a gross intercity revenue of \$27,931, and a revenue for local transportation of \$109,909. It operated an irregular route and gave radial service.

1499 United Transportation Company of Rhode Island had a gross revenue of \$123,468, and operated routes from Boston to Providence, Providence to New London, New London to New York. Those are all of the carriers for which we found reports in the Commission on Exhibit 6 which were not previously covered in Exhibits 2, 3, and 4.

Q. Concerning ourselves with applicant's Exhibit No. 14, I ask you how many additional Class 1 carriers not shown on applicant's Exhibits 2, 3, and 4, were found in this exhibit?

A. There were two.

Q. Will you state what you found in reference to these two?

A. There was only one company for which there was an available report at the I.C.C., and that was A.C.E. Transportation Company, Inc., which had a gross revenue of \$200,203 in 1940, and this carrier operated a number of routes in Ohio, and from Erie to Edensburg, Pennsylvania, Albany to Boston, Schenectady to Boston, Williamstown, Massachusetts, to Norwalk, Connecticut, Greenfield to New Haven, West Becket to Stratford, Orange to Flemington, New Jersey, New London, Connecticut, to Athol, Massachusetts, Fitchburg, Massachusetts, to Groton, Connecticut, and there were 51 more routes, a network covering Massachusetts and Connecticut, with lines into Pennsylvania, New Jersey, and connections in the Mohawk Valley to New York City, also Long Island-New York connections to Connecticut.

Q. Referring now to applicant's Exhibit No. 16, will you
1500 state what your examination showed as to additional Class 1 carriers found in this exhibit not contained in applicant's Exhibits Nos. 2, 3, and 4?

A. There were 21 additional carriers—

Mr. JOSELOFF. Excuse me. That is with reference to what exhibit?

Mr. MACDONALD. 16.

Mr. JOSELOFF. Thank you.

A. There were 21 additional carriers found to those already given on Exhibits 2, 3, and 4.

By Mr. MACDONALD:

Q. Of those how many could you find reports for?

A. There were 15 reports available at the I. C. C.

Q. Will you summarize briefly what your examination of those reports revealed?

A. J. W. Propst, Jr., Inc., had an annual revenue of \$277,596; operated an irregular route, nonradial service.

Southern Motor Express, Inc., Birmingham, Alabama, had a gross revenue of \$230,183.52. It operated from Birmingham, Ala-

bama, to New Orleans, to Jackson, Mississippi; from Jackson, Mississippi, to New Orleans, and from Birmingham, Alabama, to Tuscaloosa, Alabama.

Grey Van Lines, Inc., operates an irregular route, nonradial service; gross income of \$1,255,818.

Q. Before you leave that carrier, Mr. Berquist, do you know of your own knowledge the type of carriage this carrier offers to the public?

A. I know that it is engaged in the long-distance moving business, for one thing.

Q. Moving of what?

A. Moving of household furniture.

Exam. BAKER. Do you know whether their business is confined to moving household furniture?

The WITNESS. That I can't answer. I know they do that. More than that I do not know.

Exam. BAKER. Proceed.

The WITNESS. John D. Bair, Jr., had a gross operating revenue of \$123,876; operated routes from Chester, Pennsylvania, to New York and to points in New Jersey, Delaware, Maryland, Washington, and Connecticut.

Askin Trucking Company, Inc., had a gross operating revenue of \$28,474. This carrier's operations are 80 to 90 percent local. A large portion of the carrier's business consists of renting trucks with drivers to customers who have complete direction and control of operation.

Sullivan Lines had a gross of \$265,360. It operates as a contract carrier of general freight, and it is a contract carrier only.

Apex Express, Inc., had a gross operating revenue of \$194,102. It operates a regular route from Philadelphia to Washington, Camden to Washington, Camden to Philadelphia, Philadelphia to Trenton, Burlington, New Jersey, to Bristol, Pennsylvania, Atlantic City, New Jersey, with irregular coverage in Middlesex County, New Jersey, Atlantic City to New York, Atlantic City to Philadelphia via Camden.

Needham's Motor Service, Inc., had a gross revenue of \$225,896; operates from Atlantic City to New York and Philadelphia to New York.

Salem Express had a gross revenue of \$246,344. It has an irregular route operation, with no specified routes shown in the report.

Victor Lynn Lines, Inc., had a common carrier gross revenue of \$613,750 and a contract carrier revenue of \$54,742; operates from New York to Chincoteague, Virginia, New York to Baltimore, Maryland, Baltimore, Maryland, to Milford, Delaware.

Shein's Express, Inc., had a gross revenue of \$790,067; operates a route from New York to Wilmington, Delaware.

Carolina-Norfolk Truck Line, Inc., had a gross revenue of \$134,820; operates from Norfolk to Wilmington, Goldsboro, Fayetteville, Charlotte, High Point, Raleigh, Salisbury, North Carolina.

Georgia Highway Express, Inc., had a gross revenue of \$579,274; has a network of lines in Georgia, with lines extending to Knoxville, Tennessee, and Chattanooga, Tennessee, and Fairfax and Phoenix City, Alabama.

1503 Marshalls Express had a gross of \$119,652; operates over route from St. Michael, Maryland, to Philadelphia, Pennsylvania, and Baltimore, Maryland, and from Baltimore, Maryland, to New York.

Cumberland Mountain Express Corp. had a gross revenue of \$164,492, and operates over route from Baltimore to Washington, D. C., Pittsburgh, Hagerstown; from Hancock to Bedford, Cumberland to Pittsburgh, Uniontown to Pittsburgh, Cumberland to Westernport, Bedford to Altoona, Janestown to Armagh, Baltimore to Philadelphia, Baltimore to Wilmington, Cumberland to Oakland, Keysera Ridge to Parsons, West Virginia, Piney Grove, Maryland, to Janerstown, Washington, D. C., to Frederick.

Those are all the carriers in Exhibit 16 not previously included in 2, 3, and 4, for which we found reports available at the I. C. C.

By Mr. MACDONALD:

Q. You are referring to the Class 1 carriers?

A. Class 1 carriers; yes, sir.

Q. Referring to applicant's Exhibit No. 17, will you state how many additional Class 1 carriers were found in this exhibit that were not previously included in other applicant's exhibits?

Exam. BAKER. Before we proceed with that exhibit we will take a recess for 15 minutes.

(Whereupon a short recess was taken.)

1504 Exam. BAKER. The hearing is resumed. Do you want the last question read?

Mr. MACDONALD. No; I know what it is. Thank you.

By Mr. MACDONALD:

Q. Mr. Berquist, referring to applicant's Exhibit No. 17, how many additional Class 1 carriers were found on that exhibit not included in applicant's preceding exhibits?

A. Twelve additional carriers were found, of which for ten there were reports available at the I. C. C.

Q. And referring to applicant's Exhibit No. 19, how many additional Class 1 carriers were found on this exhibit not previously listed by applicant?

A. There were 31 new carriers found not included in the previous exhibits, of which for 24 reports were available at the I. C. C.

Q. Can you state generally, insofar as time was allowed you to investigate these carriers, whether or not the nature of their operations is comparable to those previously covered by you, referring to applicant's Exhibits 6, 14, and 16, as to size of gross operating revenue, the type of service, and generally, routes covered?

Exam. BAKER. I do not believe the answer to that would mean anything on the record, Mr. Macdonald. The testimony was so varied it is impossible to state just what he had in mind.
1505 Mr. MACDONALD. I was just trying to save time, Mr.

Examiner. There are, as Mr. Berquist has testified, 34 additional Class 1 carriers in these two exhibits not yet covered, and we can go over them one by one from the work sheets which have been assembled under Mr. Berquist's direction, but I thought if he were allowed to summarize it would save that much time.

Exam. BAKER. What do applicants have to say with respect to that?

Mr. SULLIVAN. Well, that is the same stipulation that he did not want to go along with with Mr. Miller this morning, but so far as I am concerned it is all right with me.

Mr. MACDONALD. I do not think it is the same type of stipulation.

Mr. SULLIVAN. Well, it depends on where you sit.

Exam. BAKER. I would prefer that you go ahead with it.

Mr. MACDONALD. Very well. I will be glad to do so, Mr. Examiner.

By Mr. MACDONALD:

Q. Referring to the Class 1 operators additional to those previously listed by applicants on other exhibits, and directing your attention now to applicants' Exhibit No. 16, what have you to say regarding the operations of the Class 1 carriers found on this exhibit?

A. I think I have summarized 16.

Q. I am sorry. You have covered 16. Seventeen is what I have in mind.

1506 A. Erie Freight Lines, Inc., had a gross revenue of \$679,334 and operated routes in Wisconsin and Illinois from Cadiz, Ohio, to New York, Toledo, Ohio, to Bay City, Michigan, and a number of other routes in Wisconsin, Illinois, Michigan, and Pennsylvania, Ohio, New Jersey, and Indiana.

Buffalo Storage & Carting Company had a gross revenue of \$395,473 and operated a route from Buffalo, New York, to Cleveland, Ohio.

All-States Freight, Inc., had a gross revenue of \$1,095,742 and operated from Akron, Canton, Cleveland, and Mansfield, Ohio, to New York City, Bridgeport, Connecticut, and Boston, Massachusetts, and had other routes from Cleveland to New York, Springfield, Illinois, to Chicago, Vanwirt to Chicago, and Toledo, Ohio, to Chicago.

Amsterdam Dispatch, Inc., operated irregular routes, nonradial service, and had a gross revenue of \$225,059, and operates out of Amsterdam, New York.

The Globe Cartage Company, Inc., had a gross revenue of \$807,711, exclusively a contract carrier, operates a nonscheduled regular route out of Indianapolis, Indiana.

Exam. BAKER. Mr. Berquist, in connection with that company, has it been determined to be a contract carrier or does it claim to be a contract carrier?

The WITNESS. The notations found—the schedule relating to the Globe Cartage Company was missing.

1507 Exam. BAKER. Why do you state that it is solely a contract carrier? What is the source of your information on that?

The WITNESS. That was the information that the men who were assisting me in compiling this obtained with respect to this operator.

By Mr. MACDONALD:

Q. Was it taken from the annual report?

A. Yes; this was taken from the annual report.

Q. The statement of the carrier?

A. Probably the statement of the carrier to the effect that it was a contract carrier.

Exam. BAKER. All right. Proceed.

The WITNESS. Mutual Trucking Company had a gross revenue of \$922,385; operated from Buffalo, New York, to Columbus, Ohio, and operated a total of 34 routes, with no other route than the one given being east of Columbus, Ohio.

Motorage Transit Lines, Inc., had a gross revenue of \$257,234; operates from Buffalo to Niagara Falls, New York, and to Pittsburgh, Pennsylvania, and intermediate points.

McCullough Transfer Company was an irregular, nonradial operator, had a gross operating income of \$764,973, and operates out of Youngstown, Ohio.

Midwest Freight Forwarding Company had a gross of \$241,311, and operated routes from Chicago to Philadelphia, New York,

and Boston, from Bridgeport, Connecticut, to Chicago, and
1508 Peoria, Illinois.

Kultan Motor Express had a gross revenue of \$158,572, and operates from Pittsburgh to Buffalo, Erie, Meadville, New York, and Portersville, Mercer, and Elizabeth, Pennsylvania, from Meadville, New York, to Buffalo, New York, from Grove City, Pennsylvania, to Meadville, and from Waterford, Pennsylvania, to Erie, Pennsylvania.

By Mr. MACDONALD:

Q. Referring now to applicant's Exhibit No. 17, will summarize the additional Class 1 carriers found on this exhibit?

A. I just completed that.

Q. Did I say 17? I meant to say 19. I am sorry. I am always one behind.

A. Thirty-one additional carriers were found in Exhibit 19 which were not previously included in the Exhibits 2, 3, and 4, out of which for 24 there were reports available at the I. C. C.

The York Motor Express Company had a gross revenue of \$1,301,361, and operated lines over routes from Washington, D. C., via Baltimore to Wilmington, Philadelphia, Trenton, and Newark, by various routes to the New York metropolitan area, from New York to Bridgeport, Connecticut, Baltimore, Maryland, to York, Pennsylvania, and to Harrisburg, from Harrisburg to Philadelphia via Reading, Harrisburg to Lancaster and
1509 to Easton, Easton to Somerville, New Jersey, and to Newark via Baltimore, Maryland, to Littletown, Pennsylvania, from Lebanon, Pennsylvania, to Newmanstown, from Reading to Spring City, and a number of other routes between points in eastern Pennsylvania.

Weimer Storage Company, Inc., a carrier of petroleum products, over irregular radial routes, out of Elizabeth, New Jersey, had a gross revenue of \$215,000.

Schreiber Trucking Company had a gross revenue of \$304,928, operating from Pittsburgh to Baltimore, Washington, New York, Chicago, Atlantic City, Boston, Cleveland, Cincinnati, Buffalo, Rochester, Syracuse, Utica, Schenectady, Albany, Troy, Philadelphia, New York.

Mr. SULLIVAN. What was the name of that carrier?

The WITNESS. Schreiber Trucking Company, S-c-h-r-e-i-b-e-r. All routes starting at Pittsburgh.

The Shippers Freight Forwarding Company had a gross revenue of \$417,899; operates from Cleveland to New York via three alternate routes.

The Reading Transportation Company had a gross revenue of \$426,275; operates a network of routes in eastern Pennsylvania, including Philadelphia, Harrisburg, Allentown, Norristown, Pottsville, Birdsboro, Shamokin, Pottstown, Hereford, Barnes-town, Reading, Doylestown, Bridgeport, Tamaqua, and Port Carbon.

Rodgers Motor Lines, Inc., operates from Scranton; 1510 routes from Scranton, New York, Binghamton, Hazletown, Berwick, Honesdale, and Halley, Pennsylvania.

H. L. Goble & Company, Inc., had a gross revenue of \$164,113; operates from Great Meadow to New York, Newark, Scranton, Reading, Allentown, Easton, Lehigh, Hazletown, Palmerton, Wilkes-Barre, Pottsville, Freemansburg, Bethlehem, Mount Pocono.

Friedman's Express, Inc., had a gross of \$235,813; operates over routes from New York to Wilkes-Barre, Wilkes-Barre to Forest City, Carbondale to Halley, Wilkes-Barre to Northumberland and Sunbury, Tamaqua to Lehigh.

Follmer Trucking Company had a gross of \$299,397; operates from Loch Haven, Pennsylvania, to Philadelphia, and New York, Harrisburg to Newark, Newark, New Jersey, to New York City. It operates in other points in Pennsylvania. Has one route to Baltimore, Maryland, and Harrisburg.

Fast Trucking, Inc., operates over irregular routes, radial service. Gross operating income not available. It handled 39,534 tons of traffic.

Daley's Blue Line Transfer Company, Inc., had a gross revenue of \$145,169; operates from New York to Forest City, Pennsylvania, to Sunbury, from Wilkes-Barre, to Pottsville, Pennsylvania, from New York to Reading, Mauch Chunk, Pottstown, and Allentown.

Lehigh Valley Transportation Company, operates over 1511 irregular routes, radial service; had a gross revenue of \$52,423; operates in the region of Bethlehem, Easton, Allentown, and other eastern Pennsylvania points.

R. F. Post operated over irregular routes, nonradial service; had a gross revenue of \$158,787; operates out of Scranton, Pennsylvania. No specific routes given.

New Pennsylvania Motor Express, Inc., had a gross revenue of \$137,169; operated over routes from Lebanon, Pennsylvania, to New York City.

New York and Pennsylvania Motor Express, Inc., and Pennsy Cart Corporation had a gross revenue of \$166,291; operates from New York to Reading, Reading to Hanover, Harrisburg, Carlisle, and Sunbury, from Tamaqua to Hazleton, Pottsville,

to Halifax, Lancaster to Harrisburg, Reading to Phoenixville, Allentown to Bangor, Souderstown, and Hazleton.

Middle Atlantic Transportation Company, Inc., had a gross operating income of \$509,797; operates from New York to Detroit, Michigan, New York to Pittsburgh, and operates from New York to Hartford, Connecticut.

Modern Transfer Company, Inc., had a gross operating income of \$271,734, operating from Allentown to Philadelphia, Philadelphia to Easton, Allentown to Doylestown and New York.

Lancaster Transportation Company had a gross revenue of \$174,911, operating from Lancaster, Pennsylvania, to Philadelphia, and Camden, New Jersey, from Pottsville, Pennsylvania, to Philadelphia, Pennsylvania.

Crown Motor Freight Company, irregular route, non-radial service, had a gross revenue of \$141,975; operates from Paterson, New Jersey, to New York City and to points in Pennsylvania, to Fall River and Bedford, Massachusetts, and some other points in Connecticut and Massachusetts.

Keystone Express and Storage Company, had a gross revenue of \$151,832; operates from Lancaster, Pennsylvania, to Philadelphia, Reading, and Lebanon.

Karn's Transfer, Inc., had a gross revenue of \$160,366; operates between Reading, Pennsylvania, and Carbondale, Pennsylvania.

Jones Motor Company had a gross revenue of \$182,557; operates from Spring City, Pennsylvania, to New York City, Pottstown to Philadelphia, Reading—I can't make out the name—to an indefinite point. I can't make it out.

Gorman Brothers Motor Transportation, Inc., had a gross revenue of \$220,333; operates from Cincinnati to Charleston, West Virginia, Ashland, Kentucky, to Greenup, Kentucky, Cincinnati to Ashland via Washington and Chillicothe, Ohio, and Cincinnati to Flemingsburg.

Lehigh Transportation Company, Inc., irregular route, non-radial service, had a gross revenue of \$346,492, operating from Newark, New Jersey.

By Mr. MACDONALD:

1513 Q. Mr. Berquist, have you attempted in any way to determine what might be called the actual operations of these carriers insofar as the actual operations may vary from the routes each carrier has listed on its annual report?

The WITNESS, May I have that question again, please?
(Question read.)

A. No; I have not.

By Mr. MACDONALD:

Q. Referring to your testimony in regard to the operation of the York-Buffalo Motor Express, and to the statement you made that the Moran Lines do not extend into the Philadelphia-Baltimore-York-Harrisburg-Lancaster area, and referring you to the map contained in the application, what have you to say as to the inclusion of Philadelphia in this list of cities?

A. Philadelphia obviously, according to this map, should not be included.

Q. It is served by Moran?

A. Yes, it is served by Moran.

Q. From Binghamton?

A. Yes, from Binghamton; that is correct.

Q. Do they also have a line coming down to Sunbury from the west which does not extend down into the territory you refer to here?

A. That is correct. It goes to Sunbury, and I believe Shamokin.

Q. Have you prepared exhibits or caused to be prepared 1514 exhibits or caused to be prepared exhibits similar to those prepared on applicant's Exhibits No. 2, 3, and 4, namely intervenors' Exhibits No. 22, 23, and 24, for the carriers which you have covered in your testimony here?

A. These later carriers for which I read from the original transcript?

Q. Yes.

A. No; I have not.

Q. Why have you not?

A. Time just has not permitted.

Mr. MACDONALD. That is all the direct, Mr. Examiner.

Exam. BAKER. Cross-examination.

Cross-examination by Mr. SULLIVAN:

Q. I assume, sir, from the statement made by Mr. Macdonald to the Examiner the other day, that this testimony of yours is offered for the purpose of being of assistance to the Interstate Commerce Commission in determining this application.

A. I take it so to be.

Q. I mean that is your intention.

A. I certainly did not intend anything to mislead the Commission.

Q. Did I say you did?

A. Well, I hope it might be helpful, let us put it that way.

Q. And that was the only purpose you had in preparing the exhibits in the manner you prepared them?

1515 A. May I—

Q. I say your only purpose was to be of assistance to the Commission?

A. That is correct.

Q. And now, as I remember, when you were describing your educational and practical qualifications you said you had had experience in making a study of the trucking industry so far as it pertained to the hauling of coal; was that it?

A. That was correct.

Q. Or it was the transportation industry, and then you gave as an example that you had made some kind of a study of the hauling of coal.

A. We made, oh, a number of specific studies which may have involved anywhere from 75 to 100 different what was termed long-haul movements from mines to centers of consumption.

Q. Of coal?

A. Of coal, of both anthracite and bituminous coal; that is correct.

Q. Then you referred to your other transportation experience with respect to the transportation of petroleum products, I believe, by pipe line and—was it boat or rail?

A. By rail, in connection with pipe line movement, yes; that is right.

Q. Are those the qualifications which we are to understand you rely on in giving us the benefit of your opinion here with
1516 respect to the over-the-road motortrucking industry?

A. Well, no; I have sought to do a workable factual job of such material of the trucking industry as has been reported to the Commission, and it is not intended to be other than factual material, factual evidence.

Q. Well, let me see, then, as I understand it, is this a fair statement of what you intended, that it is to be the viewpoint of a layman in the motor trucking industry so far as it pertains to over-the-road after studying the annual reports and docket files of the Commission?

A. Well, frankly, I am not expressing a viewpoint as an expert in motortruck transportation by any means. I have tried, and have actually done, accurately and carefully those things which I have given in testimony here today. As to interpretative aspects such as an expert witness might give for the trucking industry, I have not endeavored to do that.

Q. Well, may I ask you this, then: Do you feel that it is possible for one who is not an expert or intimately acquainted with the manner in which the motortruck industry, or the segment of it with which we are concerned, operates—in you feel it is possible

for a person who has not had such acquaintanceship to set out and develop a statistical study or a formula which will serve a useful purpose in guiding the Commission in its deliberations here?

Mr. MACDONALD. Mr. Examiner, I object to that question. 1517 He has not attempted to set out a formula. We did not attempt to qualify him as an expert witness. He has merely reduced the factual data, as a statistician and economist, and determined what facts they represent.

Exam. BAKER. If you understand the question, you may answer it. Mr. Berquist.

The WITNESS. May I have the question?

Mr. SULLIVAN. I will rephrase it if it will save any time.

Exam. BAKER. Suppose you rephrase it.

By Mr. SULLIVAN:

Q. Do you feel that it is possible to develop statistical figures or conclusions with respect to those statistics without a somewhat intimate knowledge of the operations of the trucking industry?

A. Well, insofar as I have dealt with the figures of the trucking industry, it seems to me they have been of a nature that would not require expert knowledge as to the operating details of the trucking industry, but have been of a character which I, I believe, can understand and, I think, can present intelligently without creating any false impressions, or any other errors or inconsistencies. However, as far as interpreting any, you might say, cause-and-effect relationships within the trucking industry as to its manner of operations and the like, that I have not attempted to do.

Q. Well, haven't you attempted, sir, to give us conclusions 1518 sions as you went along in your direct testimony with respect to the question of whether or not one or more of these lines was competitive with one or more other lines?

A. Well, they are only, you might say, conclusions of fact, the kind of conclusions that might logically be drawn from facts that did not require any further basis for conclusion than the facts themselves.

Q. Well, let us put it this way: You have given numerous conclusions, that the A Line is not competitive with the B Line, or that the A Line is not competitive within a given territory. What was the basis on which you reached your determination as to whether competition existed or not under such circumstances?

A. Well, by examination of the reported routes covered by the carriers that I examined and the routes indicated in the proposed merger, and in many of those cases you refer to, they were routes that were geographically separated by miles of distance and, ob-

viously, if they were so separated, they would not be competitive.

Q. Now, isn't that rather the conclusion of a layman?

A. Well, that would be a conclusion of a layman, and I think it would be the conclusion of one who posed as an expert. For one I cannot see how he can conclude anything else.

Q. Have you been in the room here—I think I have observed you substantially all the time for the last few days.

1519 A. Not all the time.

Q. You have heard the testimony of the witnesses?

A. I have heard some of it; yes.

Q. Did you hear testimony to the effect that the numbers of connecting carriers that not only each of the lines concerned in this application connect with but the numbers of lines that certain interveners connect with?

A. That is correct.

Q. Well, would that have any significance to you as to whether or not the actual routes shown in an I. C. C. application or annual report was the determining factor, as to whether the business flowing over that line solely came from the points along that line?

A. Well, I would say this, that insofar as we made any comments of that kind they were based upon the fact that the same territory, or the same routes, or the same bases, were not served by lines compared in any such comparative statement. Now, obviously, if one company serves a community and another company does not, why, as between those two companies directly in that community they are not competitive, would be my observation.

Q. Did you also hear the testimony of the witnesses here today and yesterday as to the solicitation which they do for freight destined to points not over their own line?

A. I have heard reference to that. I was not here but for
1520 just a few moments this morning.

Q. Well, you heard sufficient to rather gather the idea that the trucking companies do not confine their solicitation for freight to their own points, but rather include in that solicitation the points served by their connections, so that they may get the haul over the part where they have an operation.

A. Yes.

Q. Now, then, if that is the fact in the trucking business, the further fact with which you concerned yourself that lines do not necessarily serve the same points would be no absolute criterion as to whether they were in competition, would it?

A. No; I think not. You may have by another connection other arrangements, very much the same effect as if two lines might parallel all the way between two points. That is quite correct.

Q. So that there isn't any question that we understand each other, you had considered that but you simply had no means before you to consider connections in that respect when you were making up the report.

A. I had only the facts that we found in the I. C. C. reports, and I tried to confine myself just to such basic facts as were there presented.

Q. Then you reached the conclusion of another nature—I will leave that for the moment—you reached the conclusion of 1521 the nature that certain carriers which you named, a rather large number of them, were special haulers. You said they were principally a textile hauler, for example, or they were principally a cigarette hauler—

Mr. MACDONALD. Mr. Examiner, that testimony was objected to and the witness was not allowed to pursue that type of testimony, so I suggest that it is not proper cross-examination, having been excluded before.

Mr. SULLIVAN. I beg your pardon.

Exam. BAKER. As I recall, there was an objection made to a statement that certain carriers were largely engaged in the carriage of certain commodities.

Mr. MACDONALD. That is the statement to which I refer.

Exam. BAKER. However, it did go into the record.

Mr. SULLIVAN. Mr. Examiner, what happened was that he had already given it. Then what happened was you admonished the witness that when he referred to further ones in the future that he give the source of his information, but you did not tell him not to do it.

Mr. MACDONALD. That source in each case was the file of the Commission. Mr. Sullivan's question as stated is "You have also made conclusions," which seems to me makes the question clearly objectionable, because they are facts.

Mr. SULLIVAN. He says they are facts; I say they are conclusions.

1522 Exam. BAKER. I see no objection to the question, since these statements were made on direct examination.

Mr. MACDONALD. Well, I do not like the form of the question where it imputes to the witness a function that he did not exercise. I will withdraw the objection if the question is restated.

Mr. SULLIVAN. I will rephrase it, Mr. Examiner, so we will move along.

Exam. BAKER. Very well.

By Mr. SULLIVAN:

Q. As you went along at least on certain carriers here you stated that they were principally a cigarette carrier, or principally a

textile carrier, or principally this or that kind of carrier, did you not?

A. Yes; in several cases.

Q. All right. And in making that statement how did you arrive at it?

A. Well, I have seen some of the transcript of this hearing, and such an example as the movement from Kannapolis. I think it has been testified that that represented from Kannapolis largely a movement of the products of the Cannon Mills, towels and items of that kind.

Q. Did any transcript that you saw or any I. C. C. report say that a carrier was principally a towel carrier or principally a textile carrier?

A. I do not know if it said it exactly in those words, but it appeared that that was its principal carriage business from a given point.

Q. Then that was your conclusion, wasn't it?

A. That is right.

Q. Then what are we arguing about? Then, with respect to your conclusion that certain of these carriers were principally textile carriers, or were principally towel carriers, or something else—

MR. MCDONALD: I object, Mr. Examiner, unless the counsel is willing to state which were conclusions and which were drawn from the files of the Commission.

By Mr. SULLIVAN:

Q. They were all conclusions, weren't they, or shall we try them out one by one?

A. No. This is information and data that was obtained from the files of the Commission supplied to me by persons who were working for me in the assembling of this material.

Q. You mean it was not your conclusion; it was theirs?

A. They were evidences or statements of fact to that extent, and to that extent they were incorporated as, you call them, conclusions; I put them down as statements of facts.

Q. Can you point to a single place in the Commission's files, one place or another, where any carrier says "I am principally a cotton goods carrier" or "I am principally a tobacco carrier?"

A. Oh; they do not say it that way.

1524 Q. No.

A. I do not think you will ever find those words. But if we examine the files we find evidences of what they are doing. They do not say it in just those words.

Q. And you draw the conclusion that that is what they are doing.

A. Well, they don't need to say it in the words "I am such and such kind of a carrier"—

Q. No; you just say it for them.

A. Without coming to the conclusion that that is what they mean. Other words may mean the same thing. I take it.

Q. Now, with respect to those statements, or conclusions, or whatever you want to call them, that a carrier is principally a textile carrier, I ask you, if the files show that 70 percent of Horton's northbound business was textile business, would you say that Horton was principally a textile carrier?

A. If it showed that its northbound business was 70 percent textile?

Q. Yes.

A. I think it would be a fair statement to say that its principal business northbound was the carrying of textiles.

Q. In making comparisons, then, for the purposes of the testimony that you gave, would it have been fair, following the method that you have used, comparing textile competition between
1525 Horton and textile carriers, to have eliminated Horton from here on the ground that his principal business was textiles?

A. I don't think Horton was eliminated on that ground. It was merely descriptive of the kind of traffic. I don't think these statements were necessarily eliminations; they were explanatory of the traffic.

Q. As I recall your testimony—and you correct me if I am wrong—in making various computations with respect to the competition in the south, you said, "We can, in effect, eliminate this carrier. He is principally this sort of a carrier."

MR. MACDONALD. I object, Mr. Examiner.

A. I don't believe I said just that. I would like to go back over the record and have pointed out to me where I said that. I don't believe I said that.

MR. MACDONALD. I think that is objectionable. Counsel is predicating his question on something which is not a fact.

Exam. BAKER. Just a moment. As I recall, in connection with Exhibit No. 22, certain eliminations were made to add up the gross revenues of a few of the carriers there listed, and then it was stated that if we eliminate certain other carriers—I do not recall definitely what they were—that it would appear that the carriers involved in this proceeding would control 50 percent of the trade involved.

MR. MACDONALD. That is correct, Mr. Examiner.

1526 Exam. BAKER. There were certain eliminations. I do not recall definitely what they were. Do you recall how you arrived at those figures, Mr. Berquist?

The WITNESS. May I go back to that section of the—

Exam. BAKER. Yes.

Mr. SULLIVAN. If he is going to have an opportunity to go back and look over the written part of his testimony, I should have a chance to look at the written part of his testimony; otherwise the Reporter should read it all back.

Exam. BAKER. I am trying to clarify this point.

Mr. SULLIVAN. Yes. I want to see what he is going to look at.

Exam. BAKER. He is going to look at the notes, I assume. Would you go back to that particular point so we can clarify this. How did you arrive at the conclusion that Associated Transport, Inc., would control 50 percent of the traffic?

Mr. MACDONALD. To refresh your memory, I ask you to turn to page 13. Do you wish us to give the question and answer which is part of the prepared testimony, or do you want to go off the record and have us read it to you?

Exam. BAKER. In connection with the total figure that you arrived at, if you will give that.

Mr. MACDONALD. I can state for the Examiner's benefit 1527 that we assumed movements between North Carolina and eastern Tennessee points into the New York area and eliminated all carriers which did not have a single line movement over that territory. It did not have to do with special commodities, but merely the routes of the carriers.

Exam. BAKER. What carriers were left that you added up?

Mr. MACDONALD. Do you wish me to state or the witness?

Exam. BAKER. You may state.

Mr. MACDONALD. Mason Dixon Lines, Brooks Transportation Company, Roadway Express, Akers Motor Lines, Atlantic States Motor Freight Lines, Harris Brothers Transfer Company—Are you reading over my shoulder?

Mr. SULLIVAN. May I?

Mr. MACDONALD. No.

Mr. SULLIVAN. Mr. Examiner, I think this is a performance that I object to. They have the benefit of going back and picking out particular spots from the document that they have written, and I do not have that advantage.

Mr. MACDONALD. Mr. Examiner, may I make a statement?

Exam. BAKER. It is unfortunate, but we want to get at the facts.

Mr. SULLIVAN. I want to get at the facts.

Mr. MACDONALD. In that case I cannot understand any objection to determining what the fact was.

Mr. SULLIVAN. I want to go back and determine that.

1528 Mr. MACDONALD. May I state at this time, Mr. Examiner, as you know, and as the Commission is aware,

we have had limited time in which to prepare this testimony, and we have gone to what we considered the best available source, which is the records of the Commission. Insofar as any omissions in the evidence we presented today, we feel that the applicant should concern himself about rectifying rather than criticizing, since it is his case we are trying to add to. In that spirit, it seems to me that Mr. Sullivan could confine himself to ascertaining what the facts are rather than attempting to subscribe to our motives something which does not exist.

Exam. BAKER. Complete your reading of it.

Mr. MACDONALD. I believe I have stated Akers Motor Lines.

Exam. BAKER. You had gotten as far as Harris Brothers.

Mr. MACDONALD. Harris Brothers Transfer Company, Mundy Motor Lines, Super Service Motor Freight Company, Miller Motor Express Company, and Preston Trucking Company, Inc., that is 10 companies, and we then went into the total of their gross revenue figures as compared with the gross revenue figures of the three lines in the unification which operate over that extended route from North Carolina and eastern Tennessee to the New York metropolitan area.

Exam. BAKER. Now, Mr. Berquist, why didn't you include Carolina Freight Carriers Corporation in that?

The WITNESS. Carolina Freight—

1529. Mr. MACDONALD. May I suggest, Mr. Examiner, further that this is predicated on applicant's Exhibit 2, and if there are any omissions, they occur in applicant's Exhibit 2.

Exam. BAKER. Well, Carolina Freight Carriers Corporation is listed on your Exhibit No. 22. I was wondering why it was not included in the names you just read as having been added together for comparative purposes.

The WITNESS. If it is in Exhibit 22, it did not appear in Exhibits 2, 3, and 4.

Exam. BAKER. In other words, what is your testimony as to the service of the Carolina Freight Carriers Corporation? Can you repeat that?

Mr. MACDONALD. Will you refer to your work sheets, Mr. Berquist.

The WITNESS. Carolina Freight Carriers Corporation, according to the Commission, operates an irregular route, radial service.

Mr. MACDONALD. Did you say irregular route?

The WITNESS. Irregular route, radial service.

Exam. BAKER. Between what points?

The WITNESS. I am sorry, Mr. Examiner. I cannot give you the points between which it operates from my record here.

Mr. MACDONALD. Does that indicate that the annual report—
The WITNESS. The annual report did not show the routes.

Exam. BAKER. I have almost forgotten what the objection is now.

The WITNESS. In each case the notation given for the routes covered by any of these carriers which we have taken from the I. C. C. records indicated the route covered. In this instance the notation which we have for the Carolina Freight Carriers Corporation is "irregular route carrier," and that is all the information that was obtainable.

Exam. BAKER. Mr. Sullivan, will you proceed now, and when an objection is made I will rule on it.

Mr. SULLIVAN. I am going to skip it. I am plain lost on that one.

Exam. BAKER. I am sorry I interrupted you.

Mr. SULLIVAN. Well, I will remove the credit for getting lost and pass it back to Mr. Macdonald.

Mr. MACDONALD. I do not accept it, Mr. Sullivan. I was merely trying to help you out.

By Mr. SULLIVAN: . .

Q. I will ask you, sir, if somewhere in your testimony you referred to carriers as being a carrier of this or a carrier of that, what significance did you intend should be attached to that remark?

A. Well, in the main it would indicate they were not general freight carriers, and so in a broader sense, since they were not carriers of general commodities, were not generally competitive.

Q. All right. Then, if the Horton Lines' north-bound business is 70 percent textiles, you would reach the conclusion, or you would make the statement, following along the line you did follow, that Horton was not in competition with the other carriers listed in that Exhibit 22 because he would be principally a north-bound textile carrier? Would that be the way it would have worked out in the way you testified?

A. No; I would not say that.

Q. Why not?

A. Well, after all, what I have said there was descriptive of the kind of carrier and was indicative of the measure of competition generally in connection with other carriers. Now, you mentioned Horton, which is the largest carrier in that area, whose remaining 30 percent carriage business in general commodities would be very substantial. In fact, it would be much larger than even most of the other carriers named here.

Q. Well, pursue that a second. Horton, you said, had around four and a half million dollars.

A. Horton has for 1940 had \$4,250,033 as its gross revenue.

Q. In round figures, then, we could say, if we assume that half of it was each way, he would have about two million dollars one way, wouldn't he?

A. That is right; and 30 percent of two million dollars is \$600,000.

Q. So that using that same line of reasoning, he would
1532 get almost half way down that page on Exhibit 2; before he would be coming in, wouldn't he?

A. Well—

Mr. MACDONALD. I object, Mr. Examiner, on the ground that this is a one-way movement, whereas these figures represent a two-way movement.

By Mr. SULLIVAN:

Q. I meant half way down the first group that you have at the top of the page.

A. Yes. you calculated Horton's revenue on general traffic at 30 percent of his total revenue; your revenue figure for Horton of 30 percent would be, of course, only 30 percent of Horton's total revenue, and he therefore would be further down the line.

Q. And so far as you know, the same thing might be true of Barnwell?

A. If you apply the same principle, the same thing would be true.

Q. Or any of these other carriers.

A. That is correct.

Q. So would you still say it was indicative of anything in particular to say that a carrier principally hauls textiles?

Mr. MACDONALD. Mr. Examiner, I object. The witness did not so state.

Exam. BAKER. Objection overruled.—

The WITNESS. May I have the question again, please?

1533

By Mr. SULLIVAN:

Q. So you would say it is indicative of anything in particular to say that a carrier principally hauled textiles or principally hauled some other commodity?

A. Yes; it is indicative.

Q. What is it indicative of?

A. It is indicative of the fact, to the extent that they are engaged in the carriage of that principal commodity, to that extent they are reduced as competitors in the hauling of general commodities.

Q. But if 70 percent of Horton's northbound business was textiles, it would be the textile haulers who would be in competition with him?

A. Yes. If you want to compare textiles with textiles, that might be true.

Q. Now, then, you have described the routes of the various companies, and in referring to New England competition and New York State competition and the like, you made some kind of calculation, or gave us some kind of statement or conclusion based on allocating portions of a carrier's total routes and the portion of his routes that were in New England or in New York. Is that what you did?

A. No. As I recall that calculation, it assumed that if a carrier had routes outside of New England, that those routes would bear the same portion of the revenues, the total revenues, of that company. But the revenues are not shown in a segregated 1534 manner in the reports. They are revenues for the total system. So there is no way of allocating these revenues along any territorial lines. It is certain, if the extensive lines reported less than the area under consideration, that those lines have contributed to the total revenue of the company.

Q. You made such an assumption, did you not?

A. That is a reasonable assumption.

Q. I would not be arguing with you if I thought it was reasonable. I just asked you if you made it.

A. Yes. The answer is "yes."

Q. And your testimony along those lines was based on that assumption? Your testimony as to how much a line was competitive in New England when it had routes running all the way across New York and out to the midwest states—your conclusion as to how much it was competitive in New England was based on that assumption, that the freight was proportioned over the routes that it had?

A. No.

Q. Well, you tell us just how you did it.

A. It would indicate that the volume of business as reported would be no measure of the business generally in the area under consideration. That is not to say, however, that it could still not be competitive within the area under consideration.

Q. Then, I will go back, because we are not talking at the 1535 moment about the same thing. How did you determine or what determination was it you made with respect to lines having—like the interstate line, where you said they had a few points in New England and a few points in New York, and that most of their business was in the middle west. What is that you told us about that situation?

The WITNESS. May I refresh my memory on that, Mr. Examiner?

Exam. BAKER. Yes.

The **WITNESS**. I would also like to make this observation, that obviously many of these names and much of the data that we have brought together are relatively new, and I cannot attempt to recite them from memory. I have tried to put them down accurately and concisely and honestly in what I have said, and have done it when I had the facts before me. I cannot labor myself to the point of trying to remember that. I have not tried to memorize these things.

Exam. BAKER. You may refer to the notes.

Mr. SULLIVAN. I have no objection to his referring to his notes or to his testimony there. I think it was when you were discussing your Exhibit 24.

Mr. MACDONALD. That was not in the prepared statement, Mr. Berquist.

Mr. SULLIVAN. Let us let it go if it was not, and I will ask you some questions.

By **Mr. SULLIVAN**:

1536 **Q**. You made a statement in effect with respect to your Exhibit 24, which listed at the top Interstate Motor Freight System with \$9,000,000, pretty near \$10,000,000 revenue, Keeshin Motor Express Company, Inc., with \$5,800,000 revenue, and Midwest Haulers with \$3,850,000 revenue, that those should never have been listed in the exhibits of the applicant.

Mr. MACDONALD. That is not correct, Mr. Examiner. No such statement was made.

By **Mr. SULLIVAN**:

Q. Then, if that is not the statement, what do you say the statement was that you made with respect to those?

Mr. MACDONALD. Have the witness answer, or do you prefer that I answer?

Mr. SULLIVAN. I don't suppose it makes much difference.

Exam. BAKER. The witness may answer that question.

Mr. MACDONALD. I cannot see any point, Mr. Examiner, in repeating all the testimony for Mr. Sullivan's benefit. He was here when he testified.

Exam. BAKER. Mr. Sullivan wants to know about a statement the witness made.

Mr. SULLIVAN. All right, I will do it another way.

By **Mr. SULLIVAN**:

Q. Is Interstate Motor Freight System, in your opinion, a competitor of the Moran Transportation Lines?

A. You are referring to Interstate, Keeshin, and Midwest?

Q. I was, but counsel said I should not, so I just move up 1537 to Interstate. I will take them one at a time.

A. Well, my information on Interstate is that it is a very large general freight carrier blanketing Illinois, Michigan, Wisconsin, and Ohio. In addition it has routes into the east mainly from Ohio originating points. Insofar as its west to east movements through western Pennsylvania into New York, Philadelphia, and Baltimore destinations are concerned, its routes are not competitive. I further said in two local areas it is competitive. One area is the western New York area involving several principal cities. The other area includes three routes from Boston to nearby New England destinations. In addition, it has routes from New York to Albany and Buffalo and to Washington. Insofar as the Moran territory is concerned, this line is competitive in the western New York points, but the bulk of its business obviously is carried on throughout the remainder of its very large system, embracing the states of Illinois, Michigan, Wisconsin, and Ohio.

Q. Will you read what you got next?

A. Essentially this is an east-west carrier and is complimentary rather than competitive to the system which would be set up by the proposed merger.

Q. Will you read the next sentence?

A. To assume that any considerable portion of the gross operating revenue of this company would be competitive is to 1538 make an exaggerated assumption.

Q. Will you read the next sentence?

A. Keeshin Motor Express Company, Inc.—

Mr. MACDONALD, Mr. Examiner, are we merely refreshing Mr. Sullivan's recollection?

Mr. SULLIVAN. He has made the statement that he did not say they should be eliminated.

Mr. MACDONALD: That statement was not made about the first three carriers on that exhibit. That statement was made concerning Trans-American Freight Lines and Motor Express.

By Mr. SULLIVAN:

Q. What was that you said about an exaggerated assumption with respect to Interstate, please? Stick to that.

A. To assume that any considerable portion of the gross operating revenue of this company would be competitive is to make an exaggerated assumption.

Q. What would you say was a considerable portion? How far have you got to get before you make an exaggerated assumption?

Mr. MACDONALD. I think this is specious reasoning, Mr. Examiner.

Exam. BAKER. I think Mr. Sullivan is entitled to ascertain how Mr. Berquist arrived at that statement.

Mr. MACDONALD. I asked him that on direct. I am sure if he will simply ask him how he ascertained it he will answer it.

1539 Exam. BAKER. He may ask in his own manner.

The WITNESS. Well, since it was included in the exhibit, and you see the figures of their operations, one certainly would not assume that all of the revenue derived from its operations was competitive, if they are, as it appears to be, large operators in three or four states in the middle west, or even to assume that 80 percent of it was.

Q. Did you say they were principally an east-west carrier just a moment ago?

A. I said this: Essentially this is an east-west carrier and is complimentary farther than competitive. I think it joins on to the other systems.

Q. You know that the Moran Transportation Lines solicit freight in every point in the State of New York and every point in the west as far as Chicago.

Mr. MACDONALD. I don't think the counsel should be permitted to read that into the record.

Mr. SULLIVAN. Mr. Examiner, I suppose I am entitled to do something here besides paying rent and occupying a chair. Because he comes from the Justice Department doesn't mean that what he says we have got to take.

Mr. MACDONALD. I only objected to counsel testifying.

Mr. SULLIVAN. I am cross-examining, and I have a right to cross-examine him.

Exam. BAKER. Objection overruled. You may answer.

1540 Mr. SULLIVAN. Without a lot of silly objections. What was the question?

(Question read.)

By Mr. SULLIVAN:

Q. Do you know whether that is so or not?

A. I don't know anything about that.

Q. Would it have assisted you in your conclusions to find out whether that was so?

A. I was not endeavoring to testify as an expert witness as to all the details of operation and the methods of operation of this or any other company. I was merely stating what we found to be the official record of the I. C. C.

Q. Did they say anything about any exaggerated assumptions in their official records?

A. No. But I think this is a fair statement, that if we include them in here as being competitive for the full amount of their

operation, that would seem to me, as a reasonable person looking at that, that that was a reasonably large figure to have included in there as inductive as a measure of competition.

Q. Did you understand that the applicant at any time offered any exhibit with the Interstate Motor Freight listed for the purpose of showing that Interstate derived \$9,000,000 of revenue from the territory in which any of the applicant companies operate?

A. No.

1541 Q. Then, why did you make the statement you made?

Mr. MACDONALD. Mr. Examiner, may I interpose? This witness was not here during the original days of the hearing in this matter, and at that time such an exhibit was put in and the figure of approximately ten million dollars was given as the figure for Interstate without stating that it referred to more points than those shown on applicant's exhibit. This witness cannot answer that question because he was not here and does not know that the exhibit was put in in that form.

Exam. BAKER. Mr. Macdonald, I was rather liberal on the direct examination of this witness. He made what I considered conclusions, but I thought, in the interest of orderly procedure, he should be allowed to go ahead and make the statements, and I feel in the interests of fair play Mr. Sullivan should be allowed to conduct his cross-examination without too many objections and interruptions.

Mr. MACDONALD. Mr. Examiner, I have not intended to put in too many. I only put in objections to questions which I thought were objectionable.

Exam. BAKER. Is it essential from your standpoint of the case that Mr. Berquist not answer the question?

Mr. MACDONALD. He would not be able to answer the question.

Exam. BAKER. I think Mr. Berquist is perfectly capable of taking care of himself to a large extent. If he does not
1542 know, I am sure he will say so.

Has the question been answered?

Mr. SULLIVAN. Yes.

Exam. BAKER. Proceed with the examination.

Off the record.

(Discussion off the record.)

Exam. BAKER. We will take a ten minute recess.

(Whereupon a short recess was taken.)

Exam. BAKER. We will resume.

Mr. SULLIVAN. I do not recall what we were doing last, but we will move along.

By Mr. SULLIVAN:

Q. Is it your contention, sir, that the Seaboard Freight Lines are in competition with McCarthy and Consolidated in New England? Refer to your work sheets or any notes you have.

A. Seaboard—

May I have the question, please?

(Question read.)

A. Yes, I would say they are.

By Mr. SULLIVAN:

Q. To what extent?

A. Well, the routes served by Seaboard include Boston to Washington, Boston to Worcester to Westfield, Massachusetts, Albany, New York; Norwalk, Connecticut, to Lennox, Massachusetts, Boston, Massachusetts, to New Haven, Connecticut; Springfield, Massachusetts, to New Haven, Connecticut; Stratford, Connecticut, to New Haven, Connecticut; Great Barrington, Massachusetts, to Valatie, New York.

Q. Is that all the routes that Seaboard have in New England?

A. Those are in New England. There were a few others that I did not include which did not appear to be in that area. Philadelphia to Baltimore, New York to Albany, those are the only two routes so indicated.

Q. Did you consider as to whether or not they serve intermediate points along those routes? I mean in your testimony did you consider as to whether or not they serve intermediate points along those routes?

A. I take it they do. The evidence here does not so indicate.

Q. But in your testimony, your direct testimony, did you consider and give weight to the fact that they served intermediate points?

A. I had no other information than this, but I assume they do serve intermediate points.

Q. Well, with the information you had there, would you have considered they served intermediate points?

A. Yes.

Q. So, then, in giving your testimony you considered that they did serve intermediate points?

A. I assume they did; yes.

Q. What about off route points?

A. To where?

1544 Q. To wherever they might have off-route points.

A. Well, I will have to say I do not know anything about any routes except those that are indicated in the report to the Commission.

Q. Well, in making the examination of the Commission's reports did you look to see what off-route points carriers were permitted to serve as part of their regular route operation?

A. These are the routes indicated—all of the routes indicated in the report of the Commission for the end of the year, as indicated in this report. Beyond that I did not go and could not go.

Q. Well, you took that from the report rather than from their certificate?

A. I took that from the report.

Q. There is nothing in the report that requires them to indicate what off-route points they are allowed to serve, is there?

The WITNESS. Might I have that question again, please?

Mr. SULLIVAN. The Reporter will read it.

(Question read.)

A. May I refer to the heading of the report? On page 51, Schedule 9001, Title "Regular Routes Over Which Respondent Operated at Close of Year."

"This schedule should be completed by regular route intercity operators. Mileage reported should reflect the one-way 1545 miles (from point of origin to point of destination) of each route operated. If certain sections of the highway is common to two or more routes, it should be included in the mileage reported for each route."

Now, that is all that is covered by that particular schedule.

Q. So you did not investigate to determine whether or not that is the only service offered by them, or which they are permitted to offer in the New England territory?

A. No.

Q. What principal routes would you say there are in New England that are not covered by the Seaboard operation?

A. Well, I am not in position to name all the routes that there may be—principal routes there may be in New England. I can only cite the routes here indicated.

Q. Did you make any study to determine what routes there were in New England that were not covered by the Seaboard operation?

A. Any study of routes not covered?

Q. Yes. Did you make any study to determine what, if any, principal routes in New England were not covered by the Seaboard operation?

A. Well, I think I indicated generally in my testimony the area covered by Seaboard and if I may refresh my memory on that—

Q. Would you tell me what it was you said? Maybe that is what—

1546 A. I noted in that study when I examined it at the time that it does not serve the northern part of Massachusetts. That is the conclusion I came to by looking at the routes and having a map to observe where they went. That was my observation on that point, that it does not serve the northern part of Massachusetts.

Q. By the northern part of Massachusetts, can you name any city that you have in mind there that they do not serve?

A. Well, generally speaking, it would be that area north of a line drawn west of Boston.

Q. Well, is there any city of any size in New England that Seaboard does not serve?

A. Any city of any size in New England?

Q. Yes; not counting Maine, of course. I mean New England as we refer to it here with respect to the lines in this application.

A. Any particular city that it does not serve?

Q. Yes.

A. I can note whether or not there is any city indicated in their annual report which they do not serve.

Q. You mean you are going to look at the annual report, or notes from it, and what you can tell me is if they name some city in their annual report that they do not serve, then you can tell me; is that it?

A. No. If there is any city that I observed that is not
1547 named in that report, then I assume, as far as their reporting to the Commission is concerned, they are not serving that in the area indicated, in the northern part. May I have a map? Well, there is no indication that it serves Fitchburg.

Q. Fitchburg is a city? How big a city?

A. Yes; I think Fitchburg is a city. As to its size I could not say with exactitude. I see no indication that it is serving Lawrence or Haverhill, Newburyport.

Q. Those are all up there north of Boston in that little jut of Massachusetts.

A. That is right. Fitchburg is to the northwest. Greenfield, North Adams—none of those points are indicated as points served by Seaboard Freight Lines, Inc., in accordance with their report to the Interstate Commerce Commission.

Q. Well, are those points that are served by lines in this merger, all of those points you named?

A. I note that Fitchburg is. I note that Greenfield is. I note that North Adams is. I note that Pittsfield is.

Q. Wait a minute. Did you name Pittsfield before? Isn't Pittsfield on a Seaboard route as an intermediate points?

A. Yes; it probably is an intermediate point.

Q. And isn't North Adams one of their off-route points?

A. That I don't know.

1584 Q. Well, they have a terminal at what you called Leominster, I believe, on your direct examination.

Mr. MACDONALD. I do not recall any direct examination as to terminals.

Mr. SULLIVAN. He mentioned it in passing as he went along.

The WITNESS. I do not believe I mentioned that in connection with Seaboard Freight Lines, did I?

By Mr. SULLIVAN:

Q. Well, do you know whether they have a terminal there?

A. I did not mention—Leominster, is it?

Q. Yes.

A. In connection with my statement with respect to Seaboard Freight Lines:

Q. Do you know whether they have a terminal there?

A. I do not.

Q. Well, then, except for those three or four or five, whatever it was, cities you mentioned up in the north, is there any principal city in that territory not served by Seaboard?

A. Principal city in which territory?

Q. In the territory with which we are concerned here, the New England territory, involved in this application.

A. I see no listing here for any route to Lawrence or Lowell, Haverhill, Newburyport—

Q. Those are the ones you mentioned before. I said "except for those."

1549 A. Except for those. Well, I can't say that there are a great many more so-called principal cities north of such a line as I indicated east of Boston when you except those cities north of Boston.

Q. No. I said in New England. Other than those cities you named, and within that part of New England which is involved in this application, I asked you if you could name any principal cities that Seaboard did not serve.

A. Well, I see no listing of anything to Manchester, New Hampshire.

Q. Does anybody in this merger go to Manchester, New Hampshire?

A. No. You said north of Boston. I do not know what you mean by that.

Q. Well, I better try again. I asked you, sir, or I intended to ask you, if you could name any city in New England where the companies involved in this merger have a direct service, which city was not also served by the Seaboard Freight Lines.

excluding those four or five cities up around north of Boston that you named.

A. Well, that will require a comparison of what you have included in your map of the points covered by the merger and a notation of whether those points have lines—routes indicated in their annual report; and I suppose if we made a detailed comparison we could find out whether there is or is not such a point.

1550 Q. You did not make such a study?

A. No; I did not. I have listed only what the Seaboard operations covered.

Q. You did not make such a study, though?

A. No.

Q. And you did not make that with respect to any other part of the territory that we are discussing?

A. It was a point by point study of what was covered by the Consolidated Lines and all of the points indicated in the other lines that we have referred to.

Q. That is right.

A. That is correct. I have listed all of the points here for the purposes of any such comparison as could be made, but as to making a study of all possible points and so on, to be able to give you that answer, I did not.

Q. Did you list cities?

A. What is that?

Q. Did you list cities? When you say "points," what do you mean by points?

A. Well, I mean the points as indicated in the annual reports.

Q. You mean cities?

A. Well, all points.

Q. Towns or—

A. All points. Boston is a city, Norwalk is a city.

Q. But having listed them you made no study?

1551 A. No.

Q. Now, those were what, terminal points, or termini, in the annual report? What did you understand?

A. I understood them to indicate the points between which routes were operated by the carrier as of the end of the year, and that is exactly what the schedule calls for. Beyond that I do not know.

Q. All right. In New York State can you name any principal city not served by Keeshin or Seaboard Lines? You understand, don't you, that Keeshin and Seaboard were both part of the Keeshin Motor Freight System, or didn't you know it?

A. I have gotten my information for Keeshin as Keeshin and Seaboard Freight Lines as Seaboard Freight Lines.

Q. All right. Then, I will ask you, is there any city in New York State of any size, or any city at all in New York State, not served by Keeshin?

A. Off hand I cannot answer. If by comparison I should note that, why, I could tell you.

Q. Do you know whether there is any principal city in New York State to which Interstate does not offer service?

A. I have an awful long list of names here.

Q. Well, you have them listed by states, or something, haven't you?

A. No; they are listed as reported. They are not necessarily by states.

Q. Well, have you only their regular routes so-called?

A. I have got their routes as indicated in the annual report, two pages of them.

Q. That is only their regular routes, is that it?

A. Their regular routes, yes; scheduled service.

Q. You do not know about their irregular routes?

A. There is no indication of irregular routes.

Q. Do you know whether they render such service?

A. I know of no service they render except as that which is indicated here.

Q. Did you make any investigation to find out what the flow of tonnage between any particular point was with respect to any carrier?

A. No, sir. I may add that the records of the Commission do not indicate such breakdown as between points.

Q. Did you make any investigation to determine whether there was any relationship between the number of miles or the number of points in State A and the number of points in State B served by a carrier as to how much of his revenue came from either state?

A. No, sir.

Q. Did you make any investigation, assuming a route between New York City running up to Albany, across to Syracuse, Rochester, Buffalo, Cleveland, and Detroit, to determine how much of a company's revenue, where they operated over that entire route, came from, either New York State or Ohio, or Detroit?

A. No, sir.

Q. Any testimony you have given which might lead to an indication as to division of revenues or tonnage between states or routes was not based on any of the factors I have just mentioned?

A. No, sir. It was just based on the general thought that routes

have been established, and it is indicated that those routes were operated at the close of the year, so obviously both tonnage and revenue of some amount would be derived over each of those routes.

Q. And you made no investigation to determine what percentage of revenue might come from regular routes or territorial operations?

A. No, sir. There is no breakdown of the figures of that kind given in the Commission's reports.

Q. Just a moment, sir. Just one more question and then I will be finished, sir. Could you find in your notes a reference to Middle Atlantic Lines? You said, I believe, that there would be no competition except between Hartford and New York.

A. Can you tell me what exhibit that carrier—

1554 **Mr. JOSELOFF.** Applicant's Exhibit 14.

Exam. BAKER. Off the record a moment.

(Discussion off the record.)

Exam. BAKER. Back on the record.

Mr. SULLIVAN. Will you read the question, please?

(Question read.)

By Mr. SULLIVAN:

Q. Was my statement a correct understanding of what you told us?

A. I think that was also included in one of your earlier exhibits. What was the name of that carrier again, please?

Q. Middle Atlantic.

A. Where did I refer to that in my testimony? I do not seem to find reference to it.

Q. Well, I think—

A. If I can find that—

Q. I don't know. I recall that you said in describing them that they only furnished competition between New York and Hartford, and the question I wanted to ask you after that is: Doesn't something in the Commission's report show that they just built a \$100,000 terminal at New Britain?

Exam. BAKER. Well, the Commission's annual report would not show that anyway, I do not believe, Mr. Sullivan.

Mr. SULLIVAN. Well, it is a big terminal point for them. He says the terminal point is Hartford. I understood that the
1555 report would show terminal points.

Exam. BAKER. In the description of routes.

Mr. SULLIVAN. In the description of routes, yes.

Exam. BAKER. Did you indicate you withdrew the question?

Mr. SULLIVAN. I withdraw the question. One thing more and we are through.

By Mr. SULLIVAN:

Q. Early in your testimony, I believe it was in connection with Exhibit 4, you referred to having made some tests or cross sections of some of the lines who were not Class 1 lines, and you described some four lines or five—

A. Five.

Q. Which you said represented a cross section. I ask you by what method you got that cross section.

A. Took them just as they came.

Q. Came where?

A. In order, as we found them appearing as not having—Is that with respect to Exhibit 4?

Exam. BAKER. I believe he stated Exhibit 4; yes.

The WITNESS. I do not believe I made any reference to that in connection with Exhibit 4.

By Mr. SULLIVAN:

Q. All right, then, in connection with some exhibit did you make reference to a cross section?

Mr. MACDONALD. You can refresh your recollection by referring to page 4.

The WITNESS. We sampled a cross section of non-Class 1 1556 carriers.

Mr. SULLIVAN. That is what I understood you to say.

The WITNESS. And we listed five, and we took them just in the order in which we found them.

By Mr. SULLIVAN:

Q. I ask you how you got a cross section. What did you do to get a cross section?

A. We got five, and I would say that at the time I was called as a witness that list was being extended as rapidly as could be done to increase, not only the cross section, but to make it complete, and the reason the limitation was placed on five is because time was the factor which held it to that.

Q. Excuse me. Are you finished?

A. Yes, sir.

Q. Will you answer my question?

Exam. BAKER. I believe he answered the question.

Mr. SULLIVAN. I asked him how he got a cross section.

The WITNESS. We took the first ones we came to.

By Mr. SULLIVAN:

Q. The first what?

A. The first non-Class 1 carriers that were included in these exhibits that we came to.

Q. You took the first five?

A. We took the first ones we found we were able to get a report on.

Q. What were the names of those?

A. They were American Freightways Company, the 1557 Albany Highway Express, the Mohawk Valley Transportation Company of Utica, Fairclough Express—

Q. Wait a minute. The Mohawk—

A. The Mohawk Valley Transportation Company of Utica, Fairclough Express, and Heimerl Trucking Corporation. And I may add in that connection that if time permitted, that list would have been extended as far as we were able to do so. The list was in preparation at the time.

Q. You took those from applicant's Exhibit 4, is that right?

A. Yes.

Q. And you are telling us now that you took the first four less-than-Class 1 carriers that you came to on that list?

A. Those that we found reports for.

Q. That you found reports for?

A. That is right.

Mr. MACDONALD. May I interject, for the sake of a correct record, are you referring to annual reports or dockets?

The WITNESS. They are dockets; yes.

By Mr. SULLIVAN:

Q. These are dockets?

A. Yes.

Q. Have you got a copy of Exhibit 4 before you?

A. No; I do not have one here before me.

Q. I will lend you mine. Now, in looking at that again, does that refresh your recollection at all as to what you did, or are 1558 you quite certain you did it the way you told us.

Mr. MACDONALD. Mr. Examiner, may I state that the witness has not testified that he did this himself.

Exam. BAKER. He stated what was done.

The WITNESS. May I state this, that I asked for all they could get of those types of carriers, and other jobs came along to be done, such as an examination of later exhibits, and at the time I was called during this morning I believe a number more had been pulled, because I wanted a more complete list. This is as many as they had. These are the ones they had checked and brought in, and time alone precluded our extending that list, or even completing the entire list.

By Mr. SULLIVAN:

Q. You claimed it was a cross section.

A. Well, call it a segregation, or a sample.

Q. Well, having in mind the method that you tell me you followed, I call your attention in Exhibit 4 to the Albany Highway Express and the American Freightways Company, which are, respectively, the fifth and the sixth from the beginning of the list; then you have none until approximately 49 or 50 carriers later on the list, when you came to Fairclough; then you skip about 15 or 16, and you come to Heimerl; and then there were a great number more skipped before you came to that other carrier, who, incidentally does not appear on Exhibit 4. What was that last one?

A. Heimerl.

1559 Q. No. The one after that you named.

A. No. Heimerl was the last one.

Q. What was the one with an M?

Exam. BAKER. Mohawk.

By Mr. SULLIVAN:

Q. The Mohawk—

A. The Mohawk Valley.

Q. I ask you if you can find the Mohawk Valley anywhere on Exhibit 4. That is alphabetical.

A. It is not on there. I can't account for it, except that it was supplied to me.

Q. You still say you took the first five of the list where the Commission had a docket there and which were not Class 1 carriers?

A. May I state again that the point was to get as many as possible of those, and I may say that undoubtedly a number more now have been done that were done this morning, and the limitation was one of time only. And as far as that goes, the question you are asking me I cannot answer, because I had assumed that the list would be longer, and I have no reason to believe that there was any selection, if that is what you are suggesting, or anything else at all, other than take them as they came.

Q. Perhaps, then, you feel that we should consider your testimony on direct that you had taken, as I understand it, a fair cross section of these non-Class 1 carriers amended by your

1560 later explanation here.

A. Call it a sample. Possibly that might be better. It was a sample as far as we could go. And may I add I had expected to at the time I was called as a witness to insert an extended list of

the same kind, and I think that list may be prepared in part in rough, but I have not had an opportunity to see it.

Q. But you did not know that when you wrote your testimony?

A. I did not know that would be the case at the time I wrote that, because I did not know it would be available.

Q. You made other corrections in your testimony before you read it?

Mr. MACDONALD. I don't think there is any testimony as to corrections. I object to the question.

Mr. SULLIVAN. All right.

By Mr. SULLIVAN:

Q. Anyway, whatever it is, you think it would be more accurate to call it a sample than a cross section?

A. It is a sample as far as it goes.

Mr. SULLIVAN. That is all.

Exam. BAKER. Any further cross-examination? Redirect?

Redirect examination by Mr. MACDONALD:

Q. Mr. Berquist, will you state whether or not any system 1561 was used in picking out those five non-Class 1 carriers?

Mr. SULLIVAN. I object to that. He can't cross-examine his own witness.

Exam. BAKER. He may answer. Objection overruled.

A. No. My instructions were to look into those and to bring in as many as possible of those carriers so that we might have an idea of what they were like, and as other exhibits came along that we wanted to look at, that had to be set aside, and we got into those, and that is how I happen to have these pencilled notations. They were completed only this morning with reference to later exhibits and this morning also instructions were given to the men who were working in the files of the Commission to continue and add to the list. I wanted to find all I could about other carriers, non-Class 1 carriers, as possible. Time did not permit the completion of that list.

By Mr. MACDONALD:

Q. Mr. Berquist, would you state that that is a representative selection, insofar as you know?

A. As far as I know. I know of no reason why it is not representative.

Mr. SULLIVAN. I object to characterizing it as representative now in view of the testimony we have had on the subject.

Exam. BAKER. Do you move to strike it?

Mr. SULLIVAN. I do move to strike it.

Exam. BAKER. The motion will be granted.

By Mr. MACDONALD:

1562 Q. At the time those five carriers were included in your outline of testimony had any other non-Class 1 carriers been examined?

A. Not to my knowledge; no, sir. In fact, I can say emphatically, there were not, because I asked for more of that type, and there were none.

Q. I ask you to refer to your work sheet on Smith & Howell Film Service, Inc., included in applicant's Exhibit No. 4.

A. All right.

Q. Will you state what type of commodity the carrier indicated on its annual report, as shown on your information taken from that report, this carrier carried?

A. Smith & Howell Film Service, Inc., handled films and associated commodities over irregular radial routes, and the notation given for this carrier: "Special commodities, motion picture films, accessories, amount to \$152,391; periodicals, \$18,021; miscellaneous, \$47,578."

Q. This is the information included by the carrier in its annual report?

A. That is correct.

Q. Wherever in your testimony you stated definitely that a carrier was engaged in hauling a particular commodity, did that come also from the annual reports?

A. Yes.

Mr. MACDONALD. Mr. Examiner, we have one further exhibit, which I might state is a compilation of the state law
1563 restrictions relating to lengths and weights on motor vehicles operated by interstate common carriers of property. We prepared this exhibit in the interest of having the facts complete on all the elements and facts which are to be considered in this case in the light of the fact that there was considerable testimony and some evidence regarding the type of through service and the limitations upon it and whether it can be accomplished. I would like at this time to have it marked for identification.

Exam. BAKER. The document described will be marked for identification as intervenor's Exhibit No. 25.

(Exhibit No. 25, Witness Berquist, marked for identification.)

Mr. MACDONALD. I might state this is taken from the statutes of the states concerned.

By Mr. MACDONALD:

Q. Mr. Berquist, handing you exhibit marked for identification No. 25, can you identify this exhibit, consisting of two sheets, entitled "State Law Restrictions Relating to Length and Weights on Motor Vehicles Operated by Interstate Common Carriers of Property"?

A. I can.

Q. Was it prepared under your supervision and control?

A. It was.

Mr. SULLIVAN. Mr. Macdonald, I will stipulate that it 1564 may be received in evidence.

Mr. MACDONALD. We have no particular use to make of this exhibit, except we felt it would be helpful to the Commission.

Exam. BAKER. I feel it will be helpful if you develop how the information was obtained and prepared in this form.

By Mr. MACDONALD:

Q. Will you state, Mr. Berquist, where this information was obtained?

A. It was obtained from records of the Commission and checked with the staff of the Bureau of Public Roads.

Q. Were the statutes of the states listed in the left-hand column searched to check the material obtained?

A. That is correct.

Mr. MACDONALD. I offer it in evidence, Mr. Examiner.

Exam. BAKER. Without objection, Exhibit No. 25 will be received in evidence.

(Exhibit No. 25, Witness Berquist, received in evidence.)

Mr. MACDONALD. That is all I have, Mr. Examiner.

Exam. BAKER. Mr. Berquist, just a couple of questions so there won't be any misunderstanding. Is my understanding correct that the testimony which you have given is based entirely upon facts appearing in the annual reports of the Class 1 carriers concerning to which your testimony related?

The WITNESS. Or the dockets of the Commission.

1565 Exam. BAKER. Well, did you generally refer to the dockets of the Commission?

The WITNESS. No. Generally, on all this information that I have stated, and I have repeated time and again, with respect to these companies' routes and the like, those were taken directly from the annual reports for 1940 of the Commission.

Exam. BAKER. And you made no investigation of the actual operations of the carriers?

The WITNESS. No, sir; I did not.

Exam. BAKER. And, as I understand, you do not profess to be an expert on transportation matters; is that correct?

A. I do not, not on transportation matters as herein contained.

Exam. BAKER. And that if you have drawn any conclusions which are not appropriate from the facts set forth in the annual reports, you have drawn those conclusions unintentionally; is that correct?

The WITNESS. Well, they were inferences from the facts, and they were not intended as conclusions of a transportation expert; no, sir.

Exam. BAKER. That is all the questions I have. Witness excused.

(Witness excused.)

Mr. MACDONALD. Mr. Examiner, I notice a typographical error on this exhibit which I want to call attention to. On the 1566 exhibit under the column "Maximum Axle Load" the indication is "W. S." instead of "N. S." in the first line referring to Massachusetts.

Exam. BAKER. It should be "N. S."

Mr. MACDONALD. That is correct. That is indicated in the footnote identifying the symbol.

Exam. BAKER. Do you have another witness?

Mr. WIPRUD. Yes; I have, Mr. Examiner. Call Mr. Brent.

THEODORE BRENT, being first duly sworn, testified as follows:

Direct examination by Mr. WIPRUD:

Will you state your name and address, Mr. Brent?

A. Theodore Brent, New Orleans, Louisiana.

Q. State your business connections, if you will.

A. I am president and director of Coast Transportation, Inc., an inland water common carrier, secretary and director of Mississippi Shipping Company, operating service between Gulf ports and the east coast of South America, and executive vice-president of Louisiana Shipyards, Incorporated, building a shipyard for the U. S. Maritime Commission.

Q. What has been your experience in the transportation field?

A. I have been in the transportation business in various capacities for 45 years, 15 years in railroad traffic departments, 1567 the last 4 of which I was assistant to the traffic vice president of a railroad system of some 18,000 miles; then 3 years as general manager of the New Orleans Joint Traffic Bureau, a shippers organization. After that I was a member of the United States Shipping Board in 1917. From 1918 to 1927 I was Federal Manager of the Federal Barge Lines on the Mississippi and War-

rior Rivers. Since 1927 I have represented shippers and traffic organizations in a consulting capacity. Within this time I was also for 4 years president of an intercoastal steamship line operating between the Gulf and the Pacific Coast. The last 10 years I have also been building up my own line of inland water transportation and assisting in the building up of the foreign traffic of the Mississippi Shipping Company.

Q. With reference to your representation of various shippers and traffic organizations, did you make traffic studies, prepare exhibits, and testify before commissioners and courts?

A. Yes; I have.

Q. In your experience in the transportation field have you had any connection with motor carriers?

A. Yes. My association with motor transportation has been that of a common carrier by water in securing joint relations with motor carriers in the southeast. The Coast Transportation Company has today joint rates with a number of southeastern motor carriers. In these negotiations I have had to familiarize
1568 myself in a general way with that character of transportation and its advantages and problems.

Q. Are you appearing here, Mr. Brent, at the request of the Anti-Trust Division of the Department of Justice?

A. Yes.

Q. In what capacity?

A. As a witness for the purpose of giving what assistance I can to the Commission in making a finding, based upon my experience and my observations as to the possible effect of the merger upon competition and the public interest.

Mr. SULLIVAN. May I ask, Mr. Examiner, that the witness be required to speak up?

The WITNESS. I am very sorry. I am somewhat nearsighted.

Mr. SULLIVAN. I have a deaf friend back here.

The WITNESS. I will try to do that.

By Mr. WIFEUP:

Q. Mr. Brent, are you familiar with the applications of Associated Transport, Inc., seeking authority to merge a number of common carriers of property by motor vehicle along the Atlantic seaboard extending from the New England States to New Orleans?

A. Yes. I have familiarized myself with them as well as I could in the rather short time.

Q. From what standpoint have you studied these applications?

A. From the standpoint of the movement of traffic by common carrier motor vehicle under existing conditions and the probable effect of the proposed merger thereon; also

1569 the extent of competition which presently exists between motor, rail, and water carriers in this area; and finally the extent to which such competition might be limited as the result of the present merger.

Q. Will you now state the result of your studies as to the competitive situation between water carriers and truck lines serving points involved in this proceeding?

A. The only important traffic which would appear to be competitive between coastwise water lines and the motor carriers here involved is that between New York on the one hand and New Orleans, Mobile, and Pensacola on the other. While there are some joint through rates by motor truck between New England and New York on the one hand and Pensacola, Mobile, and New Orleans on the other, the rates by water are so much lower that freight would move by truck only in extreme emergency where price is not the consideration. An examination of the contentions of the applicant and the testimony of traffic witnesses demonstrates that the lines to be merged concern themselves only with long-haul traffic between New York and New England on the one hand and points in Virginia, Tennessee, the Carolinas and Georgia in the south on the other. In this area there is no all-water competition to truck lines serving points involved in this proceeding either through the South Atlantic or Gulf ports.

Q. State what the competitive situation is as between 1570 rail carriers and the truck lines serving points involved in this proceeding.

A. In past years the railroads handled substantially all of this business, but their influence is growing less year by year as the trucking business grows. This is also true of the rail-and-water services operating through Norfolk and Portsmouth, Virginia, or Savannah. A system of differential rates less than all-rates attracts some business where price is more important than service. One of the prime advantages of the truck lines, however, is their lower minimums which enable the distributors to ship smaller quantities to given destinations than they are required to in order to get the benefit of the railroads' volume rates, the minimums of the railroads generally being three or four times greater than the truck minimums. The best evidence of the growing competition of truck lines from the railroad standpoint is the extent to which the railroads have been compelled in recent years to put in pool car arrangements by which a shipper who controls the routing can consolidate in one car the shipments of many consignees and get the benefit of carload rates somewhat lower than the merchandise rates of the truck line. The record of shippers' testimony speaks of the distribution of tonnage as running as high

as 80 percent to the truck lines and 20 percent to the competing
railroads, a situation which didn't exist at all 15 years ago
1571 when the railroads had an absolute monopoly of this business. In other words, the superior service of the trucks is gradually taking the bulk of both north- and south-bound merchandise traffic, that is, that which was formerly considered as less-than-carload business moving generally at class or column rates.

Q. Is it your opinion, then that the railroads will become a lessening influence as a competitor in this area to motor truck common carriers?

A. I think it is inevitable if for no other reason than the difference in the capacity of the standard equipment. A motor carrier places its minimums at from 5,000 to 10,000 pounds, and also takes a very great deal of any quantity business. The standard box car of the railroads today, which is the only suitable vehicle for the carriage of this character of freight has a capacity of 30,000 to 80,000 pounds. The railroads cannot afford to use this large equipment to carry 5,000- to 10,000-pound loads, therefore they must necessarily consolidate small shipments at depots involving truck hauls at both ends of the line. Various schemes have recently been tried out to obviate this difficulty, such as the Chicago Great Western's arrangement for carrying semi-trailers on flat cars over a part of the route of a competing motor carrier, and the efforts of such lines as the New York Central to use so-called containers handled on flat or gondola cars. None of these arrangements offer the facility for fast service with
1572 comparatively small loads which is inherent in the tractor and trailer moved directly over the highway. Since the advent of the motor truck industry the railroads have also encouraged forwarders to operate over their lines, reversing their former policy.

Q. Is it your conclusion then that if effective competition for the future is to be afforded the motor lines proposed to be unified in this proceeding it must be found within the motor carrier field?

A. That is my judgment from my experience and observation.

Q. Are there any single line regular route motortruck companies now operating between New York and New Orleans?

A. Not that I know of.

Q. Is there a substantial volume of tonnage presently moving between New York and New Orleans?

A. Yes; a very heavy volume.

Q. How does that tonnage move?

A. By coastwise steamship lines all the way.

Q. Assuming that the proposed merger were approved resulting in a single line carrier between New York and New Orleans, what have you to say about the possibility of traffic between those points moving over such motor line?

A. I don't think it is possible. The length of haul is too great to permit of motortruck transportation being furnished at a rate which the traffic will bear. The best evidence of this

1573 is the fact that during my residence of over 25 years in New Orleans there has always been through rail service and published through rates, yet the railroads have never carried any New York-New Orleans freight except in some extreme emergency where cost of transportation was not a determining factor. From my study of the record in this case there is no serious contention that any such movement of traffic is contemplated or regarded as possible.

Q. Does your answer also apply to the movement between New York and other Gulf ports?

A. Yes. It also comprehends movements between Gulf ports and points in New England and interior New York and Pennsylvania covered by the lines involved in the proposed merger.

Q. In connection with your studies, have you considered the motortruck operations between New York and New England on the one hand and the territory in the southeast involved in the proposed merger on the other, and the public benefits which are claimed will result from the proposed merger?

A. I have.

Q. What is the principal benefit which it is claimed will result to the public from the merger insofar as the New England movement is concerned?

A. So far as I have been able to gather, the proponents hold out the hope of a saving in time of through movement in both directions through the elimination of transfer of the freight at New York by substituting the operation of through

1574 trailers, the present system requiring physical transfer of the lading at New York or other interchange points in the New York metropolitan area.

Q. Is it your understanding, Mr. Brent, that such claimed public benefit would apply to the movement between the southeastern territory and the metropolitan area of New York?

A. I have found no such claim and cannot see how it could be asserted. There are several carriers involved in the unification which offer through service between these areas today and there has been no claim that the service over the main routes between these terminals would be expedited by reason of the merger.

Q. What have you to say about the other benefits which proponents claim will result if this merger is approved? That is, public benefit.

A. The only other benefit which my study leads me to believe would be of advantage to the public is the limitation of claims for loss and damage. This is a benefit which would only result to the extent that additional handling on New England business under present operations is limited.

Q. What have you to say about the claimed public benefit which will result from the use of leased wires?

A. I do not regard it as of any substantial public benefit whatever. It is simply a matter of comparative costs to the carrier, of a leased wire against long distance calls.

1575 **Q.** What have you to say about the possibility of eliminating the transfer of lading to and from the New England area?

A. The record thus far creates the impression to me that there would be a large introduction of through truck service between the New England area and the southeast. This it is claimed will result because a delay of 12 hours and one transfer of lading in the metropolitan district of New York would be eliminated. Some operators claim a saving in time of from 24 to 36 hours. There may be an occasional load to move at volume rates from one shipper to one consignee. Here a through movement eliminating transfer would be of advantage to the public. It is my observation that such movements constitute a very small part of the traffic handled by these lines.

The common carrier trucks have developed a better service than any other form of transportation for the daily forwardings of package freight offered by many shippers at many origins to numerous consignees at numerous destinations. Such service necessarily requires physical transfer en route at one point for concentration and one point for distribution.

In the through truck service between New England and the southeast, New York has become the greatest point of concentration and distribution because most of the trucking lines radiate from there. At New York a great volume of local
1576 traffic can be combined with through freight to secure the best load factors both in- and out-bound.

Whether this physical transfer can be best handled on Manhattan Island or somewhere else in the metropolitan area is a matter which concerns the lines themselves. From the public standpoint the fact remains that the nature of the traffic is such that the mere merger of these lines will not eliminate the physical transfer or

the time consumed in that operation on the bulk of the traffic between New England and the southeast.

Q. Assuming that it would be desirable for certain shipments by motortruck to proceed through from the southeastern territory to New England points, would such movement in one vehicle be possible today without a merger?

A. Yes.

Q. Explain your answer.

A. The best evidence that such interchange of trailers is possible today is the fact that several of the carriers involved in the proposed merger already have such arrangements both among themselves and with lines not included in the proposed merger in the southeast and between New England and New York territory. The principle obstacle, according to the testimony of the operating witnesses, seems to be the lack of assurance of prompt return of the vehicle. There is the added objection that sometimes 1577 the connecting carrier has a surplus of trailers of its own and prefers to handle the freight over its portion of the through line in its own equipment rather than pay its competitor for the use of a trailer which it does not need. The testimony in this case clearly shows that where the traffic requires through trailer service in order to use motortrucks these objections have been overcome and arrangements have been worked out. In every industry involving services to the public requiring a great deal of physical equipment there has been a troublesome period during which standardization of equipment has had to be worked out. The trucking industry seems to be in this period. This is a broad question which effects the public interest in transportation and to attempt to solve it by the merger of capital assets of eight major motor lines, as here proposed, it seems to me, is a feeble approach to a great problem of national importance. Certainly, it should not be the ostensible reason for a merger of competing truck lines.

Q. Have you considered in connection with your studies of this application the competitive situation in the motor carrier field in the area involved in this proceeding, and the effect of the proposed merger thereon?

A. I have.

Q. Will you state the result of your studies in this regard?

A. I must say that my studies have been fragmentary because of the lack of time. Other than a cursory examination of 1578 the Commission's records and tariffs, I have had to rely a good deal on my own experience in the matter of competition.

The merger will involve a substantial reduction in competition. Associated Transport, Incorporated, proposes to combine the

services of eight common carriers operating over some 10,000 miles of public highway. Over half this highway mileage the merger itself will have the effect of eliminating competition between two or more presently operating independent carriers. In every territory served by the merged lines certain competitive lines will be left. However, these lines are disconnected segments. For example, there are a number of local lines operating in the Carolinas and Tennessee. Many of these compete for traffic between certain points in this area served by the merged lines. Then there are 30 Class 1 common carriers operating between the Carolinas and Tennessee, on one hand, and interchange points north of the Potomac River, on the other hand. Some of these have a limited territory of concentration and distribution in the south. A number of them serve but one or two origins. Again, in the area north of the Potomac River in Pennsylvania, New York, and New England there are a large group of Class 1 common carriers having a considerable area of distribution individually. At present the carriers in these several groups form through routes and are parties to numerous published joint rates between the areas in the north and southeast served by the 1579 carriers in the merger. Today all of these individual lines can compete to a certain extent for through traffic. If the merger is authorized, their ability to compete will be very much reduced.

The only way by which the competitive situation could then be equalized would be by further mergers of these disconnected segments into a competing carrier of comparable size. However, particularly in New England and New York, very little opportunity for such an additional merger would be offered, as the coverage of the lines here proposed to be merged is so extensive that no comparable consolidation could be effected. If the proposed merger included only the lines of Consolidated north of the metropolitan district of New England and New York State, it would be very extensive. However, when McCarthy in New England and Moran in New York are superimposed on Consolidated, it makes a combination so extensive that there is nothing comparable in either New England or New York which might serve as a nucleus of a competing through carrier. This is perhaps, in my judgment, one of the greatest objections to the proposed merger.

Each of the eight lines included in the merger has largely grown to its present size by the gradual acquisition of lines extending into new territory; what might be termed an end-to-end consolidation. Here we see these eight lines welded into a unit, which, as we have shown, is not essentially an end-to-end consolidation, but a putting together of competing lines which when thus embodied leaves little opportunity for the public to enjoy

real competitive service outside of the merger. The extensive coverage of local territory of concentration and distribution in the north and southeast will give the merger a tremendous power to attract traffic. The inevitable result must be to force out of business numerous competitors who do not have access to any comparable territory.

Q. Would this proposed merger, if approved, have any effect upon the interchange of motor carriers not parties to the merger?

A. I think it would.

Q. What would be the effect?

A. The parties to the merger in the northeastern area would have routes of their own leading into the entire southeast and it would obviously be against their interest to interchange with competing carriers. In the reverse direction the very deliveries by these competing carriers outside the merger of freight to the carriers in New England, parties to the merger, would give to the solicitors of the merged lines information necessary to solicit future business of carriers outside the merger. The inclusion of both Consolidated and McCarthy, the dominant New England carriers, in the merger would, as I have stated, leave to these independent southeastern lines no comparable motor carrier agency in New England with which to interchange freight.

1581 Q. In order to determine the extent of the effect upon the public interest of the merger of strong competing lines, such as Consolidated and McCarthy in New England and Consolidated and Moran in New York, what in your opinion would be necessary to enable the Commission to make a finding thereon?

A. It would be necessary that all of the motor lines interchanging freight in the Metropolitan area of New York and at Philadelphia, both those in the merger and those left out, to furnish the Commission with the tonnage received from and delivered to each connecting line in New England and New York State for a representative period. No such information is to be found in the record. The general statements which the record contains are fragmentary, and of no real value. It would be difficult for the Commission to make a finding as to the effect upon this competitive situation without this information.

Q. From your studies, Mr. Brent, what motor carriers should submit such information?

A. Well, in the first place, it should include Horton, Bargwell, and Southeastern, among the lines to be merged, and the outsiders should be The Mason & Dixon Lines, Inc.; Brooks Transportation Company; Great Southern Trucking Company; Roadway Express, Inc.; Akers Motor Lines, Inc.; Atlantic States Motor Lines,

Inc.; E. T. & W. N. C. Motor Transportation Company; Baltimore Transfer Company of Baltimore City; Rutherford 1582 Freight Lines, Inc.; Novick Transfer Company; Overnight Motor Transportation Company; The Transport Corporation of Virginia; Harris Brothers Transfer Company; Mundy Motor Lines; Super Service Motor Freight Company; Miller Motor Express Company; Preston Trucking Company, Inc.; Central Motor Lines, Inc.; Carolina Freight Carriers Corporation; A. A. Highway Express, Inc.; Lewis and Holmes Motor Freight Corp.; Frederickson Motor Express Corp.; Smith's Transfer Corporation; Colonial Motor Freight Line; Atlantic Coast Freight Lines, Inc.; East Coast Freight Lines, Inc.; C. Warren Falwell, Jr.; Lynchburg (March Trucking); Cochrane Transportation Company; and R. C. Motor Lines, Inc. These are the outside lines Class 1 carriers, which operate between the Carolina and the Tennessee territory and the metropolitan district of New York, and some have interchange at Philadelphia.

Q. Mr. Brent, if there are some other carriers you have included in that list that do not interchange at either New York or Philadelphia, would interchange information as far as they are concerned be helpful to complete such a picture?

A. For example, Akers Motor Lines does operate all the way through to Boston, but they also have an interchange—I am quite sure they do have—at the metropolitan district of New York, and their interchange would be interesting, as well as all the rest of them.

O. Insofar as E. T. & W. N. C. Motor Transportation 1583 Company, which does not touch the Philadelphia or New York area is concerned, their interchange in that territory would be of importance in determining the effect on competition?

A. No. It would be only those that reached the junctions. They should be stricken because they obviously do not reach above the Potomac River.

Mr. WIPRUD. Mr. Examiner, that is all I have of this witness. I have a motion in this matter. If the Examiner would like that I wait until the witness is cross-examined, I will present the motion then.

Exam. BAKER. I think it would be preferable to proceed with the cross-examination.

Mr. WIPRUD. You may cross-examine.

Cross-examination by Mr. SULLIVAN:

Q. You live in New Orleans, sir?

A. Yes.

Q. Did you come up north for this hearing?

A. For this and other purposes.

Q. And when did you arrive?

A. Well, I think it was Thursday night a week ago.

Q. The other purposes you came up on had to do with the matter of contracts with the government?

A. Somewhat, yes.

Q. Were you subpoenaed by the Department of Justice?

1584 A. No.

Q. How did they obtain your services?

A. They asked me to serve, and I said I would serve.

Q. Are you a friend of somebody over there?

A. Not particularly. I knew Mr. Wiprud, and I know Thurman Arnold.

Q. Did they request that you—

A. They requested me; yes.

Q. Did you ever testify for Mr. Wiprud as a transportation expert in any of his Greyhound cases?

A. No, indeed.

Q. When did you write your testimony?

Mr. WIPRUD. Now, Mr. Examiner, I do not think that is proper cross-examination.

Exam. BAKER. I do not know what this is going to develop. He may continue.

A. I worked this out during the period of the last week. I think it was all finished up about last Friday—no, Thursday, because the hearing began on Friday, and I have not done any writing since, as I recall.

By Mr. SULLIVAN:

Q. You arrived north on Thursday, you said.

A. A week ago.

Q. A week ago last Thursday.

A. Yes.

Q. So you spent a week working on it?

1585 A. About a week.

Q. Pardon?

A. That is all the time I had.

Q. Did you have the testimony all during that time to work from?

A. A good deal of the time, not all of it. Others were working on it.

Q. Others were working on the testimony, you say?

A. Yes.

Q. Were you working with other persons?

A. Mr. Berquist, for example, had the record for part of the time, yes.

Q. Were you working with him?

A. Working in the same office, not with him. I was interested in the exhibits which he was preparing. They had to form the basis of a good many of the studies that I made, and I used the same material.

Q. Are the conclusions you gave us here based, at least in part, on the exhibits prepared by Mr. Berquist?

A. The statements I made are not so much made upon his exhibits as upon the work sheets which were made from the annual reports of the carriers to the Commission. Those I went over just as far as I could individually.

Q. That is, his work sheets, not the Commission's reports?

A. Oh, yes. That is right. I went to the Commission's 1586 reports a little bit, but I did not have time for much of it.

Q. Can you name any companies you looked up in the Commission's reports?

A. Yes. I looked up Transportation, Incorporated.

Q. You mean—

A. The former proceeding in which 28 carriers were involved.

Q. And what of value did you gather from that that aided you in reaching the conclusions you reached here?

A. Well, I don't know that I got very much, to tell you the truth. All I did get out of it was the maps of the 28 lines. I did not get very much out of it. There was not very much in it that I could see that told very much about the competitive element.

Q. And your testimony as you have given it here today is based upon the testimony as it was before we continued after the adjournment; is that right? That is, the testimony as it was given up to last Friday?

A. Yes. I did not get to examine the later exhibits at all.

Q. Or to hear the later testimony or to read it?

A. I did not.

Q. You did not hear any of the testimony given yesterday and today by some of the intervening truck lines from the south?

A. Not a bit of it.

Q. Were you ever in the transportation business in the New England or the New York territory?

1587 A. You mean as a carrier or an employee of a carrier?

No.

Q. Well, any other way were you in the transportation business there?

A. Not in the business, but I have been connected with rail carriers that did business in and out of New England, and I have had working knowledge of the rates and transportation routes all the way back to pretty near the beginning of the century.

Q. Is any of the material which you used or adopted in your direct presentation here taken from any of the pamphlets, studies, or findings of the American Association of Railroads?

A. No. I do not know that I have ever read any of their pamphlets.

Q. When you were connected with the railroads?

A. We did not have the Association of American Railroads at the time.

Q. Well, did you write any pamphlets that they might use?

A. I don't think so. They don't particularly agree with my stuff. We have probably very little in common.

Q. If there is an improved service offered here as a result of this merger, do you feel the shippers would be entitled to have it?

A. Yes, I do; but my point is that it does not require a consolidation of the capital assets or management to secure those improvements.

1588 Q. How would you do it?

A. Just as the railroads have done it for years.

Q. You just got through telling us how badly the railroads do when it comes to competing with the trucks, didn't you?

A. Well, not in that respect.

Q. Have the railroads improved any since you were with them?

A. Well, I would say that they had improved quite a good deal.

Q. They followed the same methods you did?

A. I was merely an employee.

Q. Well, everybody that runs a railroad is an employee.

A. In other words, I was not an executive. I was not in an executive capacity. I was merely assistant to the vice president. I had no executive authority.

Q. You say the railroad people do not generally agree with your ideas?

A. No. They do not particularly like the fact that I am in the water transportation business. I am a competitor; therefore we do not see as much of each other as we used to in former years. I don't know that they have anything against me or I against them.

Q. Have you any proposed improvements contemplated with respect to water transportation?

A. No. We operate through conferences and through rate associations just exactly as the motor carriers do, and we have many interchange arrangements, some of them by which
1589 equipment of one line goes forward over the other, and those arrangements are common, so common in the railroad business that they are universal. So I am not unfamiliar with working out those arrangements. Therefore, I say it is not necessary to consolidate the capital assets into a great big merger.

Q. You think the situation is comparable between one truck line changing equipment with another truck line and two railroads changing?

A. Certainly.

Q. How about the financial stability of two lines interchanging equipment?

A. What about? How do you mean? What do you mean by that?

Q. Well, should a company with equipment costing \$3,000 per trailer and with a sound financial position and considerable net worth transfer its bodies with a company that in turn turns over a piece of equipment costing \$500, having no sound value, only the minimum amount of insurance required by the Commission? Would you, if you were running the larger company be willing to exchange with that company your valuable equipment?

A. I would, of course—

Q. Of course you would?

A. I would, of course, allow myself the opportunity of considering its financial standing, and if I were not satisfied with it I probably would not make the arrangement. There is
1590 nothing compulsory between truck operators. One line can't force another into it.

Q. When would you expect the trucking industry, even these 8 individual companies proposed to affiliate here by themselves under facts and conditions as they are today, would require a revamping of the situation so that they would have sufficient standardization to have interchange of bodies a hundred percent as between territories?

A. Well, now, in the first place, I don't think by any means it requires interchange one hundred percent. I know that is not true of any other carrier. If it included interchange about 25 percent, in my judgment, would be quite large. But when you begin to ask me what a large amount of money would have to be spent in order to get at this through service, I answer you that I do not see that any large amount is necessary to be spent. Standardization of railroad equipment did not come overnight, and standardization in my judgment is not absolutely necessary. One man may do better with a small body for a five-ton load than to have all of his equipment great over-the-road carriers. He wants all kinds. It does not seem to me there is any large amount to standardization necessary, except in a few essentials, just as it has been in the railroad business. You have standardized your fifth wheel, and your light connections, and your air brakes. That

is about as far as the railroads have standardized. I
1591 don't see that it would require such a large amount of money
to do this, the thing that I am saying, that is of value to
the public.

Q. And assume one man uses stainless-steel equipment, as Mr.
Horton does, and another one uses the old type of trailers, that
are much heavier, and the two companies were not under the same
financial ownership, would you, if you were Mr. Horton, allow
your equipment to be exchanged with Moran's, for example, so as
to bring the through loads in?

A. Well, I presume that I would pick and choose just like Mr.
Horton does.

Q. So under those circumstances, then, the public would be de-
prived of this service for a long time, wouldn't they? Probably
Moran and Horton would never get together, unless Moran had a
rich uncle.

A. I don't know that the record discloses that, and I am not
familiar with the great difference that you speak of that exists be-
tween Moran's equipment and Horton's.

Q. Generally speaking, there is considerable difference between
the equipment of any of these companies, isn't there?

A. There are differences; yes. Certainly there are. There are
differences in length, in height, weight.

Q. Cost?

A. Yes.

Q. Type?

1592 A. Yes.

Q. Number of open-top bodies?

A. Just like there is in all the other transportation businesses—
railroad, barge lines, steamship lines. There is special equipment
and then there is common equipment. There are certain trucks
that correspond to a box car. Then there are other trucks that
correspond to a gondola or flat car.

Q. You want us to run the trucking business like a railroad; is
that it?

A. I believe gradually, if you are not in too much of a hurry,
it will work out very well. I think that the general interchange,
if not forced too fast, will come to be a pretty good system.

Q. What is bad about forcing it fast?

A. Big mistakes are made.

Q. What are the mistakes you see here?

A. You have got a lot of bad equipment. The biggest mistakes
from the public standpoint, are the efforts to force these things
through, putting together of the Assets of a lot of separate com-
panies and refinancing them and putting out more securities than

they can take care of, or can pay upon, throughout good years and bad. That has been the bad thing about the standardization of roads. That is what has happened, and the public has been made to suffer.

Q. Are we talking about the shipping public or the investing public?

A. Well, in that particular instance I was speaking of the investing public. Generally my answers are in respect to the shipping public.

Q. Are you here worrying about the investing public?

A. No; I am not here worrying about the investing public.

Q. Are you here worrying about the shipping public?

A. I am attempting to point out, sir, anything that seems to me to be the probable result to the public, tendering at the request of the Division such observations as I can make.

Q. Did you dictate your testimony yourself?

A. Oh, yes.

Q. Where was it typed?

Mr. WIPRUD. What difference does that make?

Exam. BAKER. I do not think that is relevant.

By Mr. SULLIVAN:

Q. When did you first see your testimony? Was it mailed to you?

A. Oh, no. I did it right in Room 3309 of the Department of Justice Building on Constitution Avenue, every bit of it, and I did it myself.

Q. Every bit of it?

A. Every bit of it. Questions were by Mr. Wiprud—

Q. Pardon?

A. The questions were by Mr. Wiprud; the answers were by me.

Q. Did I understand you to say in your testimony that there was no carrier—no combination of carriers that would be of comparable size to Consolidated and McCarthy, or was it comparable coverage that you said?

A. Comparable coverage. You would have to have a lot of cats and dogs put together.

Q. Are you familiar with the coverage of these companies?

A. From the Commission's reports. I have looked into the routes of all the carriers as far as I could find them that you named in your exhibits.

Q. Don't you know that the Seaboard Freight Lines in and of themselves cover very substantially every point of importance that Consolidated and McCarthy put together would cover in New England?

A. Yes, but—

Q. Are they a cat and a dog—or which is Seaboard?

A. So far as I could find by looking at the tariffs Seaboard have no joint rates into the southeast.

Q. Into where?

A. Into the southeast. They are more particularly interested in business in the other direction.

Q. Well, let us move back a minute. You said it was necessary to put together a lot of cats and dogs to get comparable coverage. I only asked you, after you consider Seaboard, whether it would be necessary, to put them together to get comparable coverage.

1595 A. I think Seaboard as such would be a pretty good connection, but I can't conceive of Seaboard consolidating with any southeastern line. It might—

Q. Well, why can't you conceive it?

A. Well, because I think it is interested in other directions.

Q. What is its interest?

A. More east-west.

Q. You know that it is part of the Keeshin System, don't you?

A. I do. I know it is part of the Keeshin System; therefore I can't conceive of the Seaboard Lines becoming part of a merger of lines that will move into the southeast, and that is what I was talking about.

Q. You feel the lines that move east-west must always continue that way?

A. Well, of course, they might go in bankruptcy and somebody else pick them up.

Q. Because the New York Central runs east-west and another railroad north-south, the Atlantic Coast Line or—

A. It is the transportation way, and if you are owned by a man that expects you to do your business in the east and west direction, you are going to put your equipment to that business and you are not going to be able to fritter it away on any through movement to the southeast, unless it is under common management and control.

Q. With Keeshin-Seaboard-Mason Dixon, for example, 1596 or Keeshin-Seaboard-Mundy, or Keeshin-Seaboard-Brooks, or Keeshin-Seaboard-Akers, or Akers even by himself, if someone offered interchange to cover all the territory with him all the way down, with the rights he has—

A. I don't know where he would get the lines in New England that would be comparable.

Q. He says he has the right now to cover all of New England and all of New York.

A. The right—

Q. He says he has the legal right under his certificate to cover all of New England and all of New York. Would that make a difference in your opinion?

A. Well, he might make a pretty good line for something.

Q. He also told us this morning—and I ask if this would make a difference in your opinion—that the only thing he had against the merger was that it might be possible without the merger to have the opportunity to run a through service to the south which he presently is able to give and which a combination of lines are not able to give.

Mr. WIPRUD. Just a minute. I do not believe that was the testimony of Mr.——

Mr. SULLIVAN. Well, that seems to be the stock objection.

Mr. WIPRUD. No; it is not the stock objection at all.

Exam. BAKER. I will sustain the objection.

• By Mr. SULLIVAN:

1597 Q. Well, let's see. What about the public that you are worrying about? What else are you worrying about the poor public.

A. Well, I do not believe there would be any real competition between this territory and the southeast, because there would be no single line——

Q. Wait a minute. There would be no single line where?

A. Between New England and the southeast.

Q. Well, I just told you, sir, that this man Akers testified this morning that they have a single line from the southeast up into New England, the main points.

A. All right.

Q. Then there would be.

A. There is one small one.

Q. Akers also testified as to more lines.

A. There are a number of lines having, I presume, rights, but they have no connections and no joint rates today, and the limitation of rates over two and three lines which are invariably in the tariffs that are now published, and they are pretty much out of competition. Under the new circumstances there would be one very large and extensive through line from virtually all of Massachusetts, Connecticut, and Rhode Island into virtually all of the important textile and tobacco territory in North Carolina with one line rates. Those are not published in that way by two and three lines. In other words, when you have to go over three
1598 lines, or even two lines, the rates are usually one class or two classes higher.

Q. So, then, as I understand you, you suggest that we continue to have a two-line haul into the south by these carriers and that that is in the public interest?

A. Oh, no.

Q. Isn't that the effect of your testimony when you spoke about putting them together without merging their assets and liabilities?

A. No. They can do what they please today. They can put in, and some of them do, the one-line rates; but others limit them. And I think they all could just as readily, without merging their assets, with the way they are doing.

Q. What do you say about airplane competition in the south in the next three or four or five years, as long as you are projecting all this into the future?

A. I don't know what will come after the war.

Q. You were projecting this into the future; that before we should be allowed to put these companies together we should wait three or four years to learn each other's faults, learn to love each other like brothers, and do the same things before we act together.

A. Was that a question?

Q. I don't know. About as much question as your answer.

EXAM. BAKER. Any further cross-examination? Any redirect?

1599 Mr. WIRKUP. Just one question, Mr. Examiner.

Redirect examination by Mr. WIRKUP:

Q. Mr. Brent, would these carriers who claim operating rights, in your opinion, have more difficulty in placing those operations over those rights in the event that this merger is approved?

A. Well, frankly, I did not hear the testimony, and I do not know enough of it to say. I would rather not attempt an answer to that question.

EXAM. BAKER. Just a moment. I have one question. You did not refer to the testimony that has been given with respect to reduction in costs of rendering the transportation service. Do you feel that that would be a benefit to the public?

The WITNESS. Well, of course, it might be, but there is not the slightest intimation here that there is to be a reduction in rates. Therefore, I do not see how the public is going to gain from it.

EXAM. BAKER. As a transportation man, is it your opinion that reduction in the cost of rendering transportation service must eventually be reflected in one way or another in the rates?

The WITNESS. If there is plenty of competition, yes; always; but as competition is narrowed it never is done. As you get them larger they absolutely don't reduce rates. They
1600 stifle any single line that comes into a certain rate group, and an attempt to make rates independently is soon forced

to desist. And so it is as you get them larger they want to hold what they got. It is human nature. We all do.

Exam. BAKER. Well, do you feel that the regulatory power of the Commission over the rates and carriers would have any effect on that?

The WITNESS. Well, of course, Mr. Examiner, it should have. That is the purpose of the regulatory power, I think, to equalize; but I think you and I both know that the Commission is very chary about reducing rates in the face of objection, and I think it would have to be a very strong showing of material reduction in cost to warrant the Commission in making such a finding.

Exam. BAKER. Witness excused.

(Witness excused.)

Mr. WIPRUD. Mr. Examiner, at this time I have a motion I would like to present.

Exam. BAKER. Very well.

Motion

Mr. WIPRUD. In order to determine the extent of the effect upon the public interest of the merger of strong competing lines, such as Consolidated and McCarthy in New England and Consolidated and Moran in New York, the Anti-trust Division of the Department of Justice moves the Interstate Commerce Commission that all of the common carrier motor truck
1601 lines interchanging freight in the metropolitan area of New

York, Baltimore, and Philadelphia, including those lines in the merger as well as those left out, furnish the Commission with the tonnage received from and delivered to connecting lines in New England and New York State for a representative period.

The Division, Mr. Examiner, suggests that as a representative period the last six months of 1940 be taken. Now, in addition to Horton, Barnwell, and Southeastern, the motor truck operators from which interchange information should be requested is, in our opinion, those stated by Witness Brent.

Now, in support of the motion the Division submits that under the testimony thus far adduced at this hearing it is clear that the Commission would not be in a position without such information to make a finding on the extent to which competition would be eliminated by this proposed merger. The testimony of independent motor truck operators presently parties to through rates and joint rates and of carriers in the proposed merger demonstrates the manner in which the business through this merger will be forced to a single line, that is, Associated Transport, and

through this diversion the operations of such competition as will be left will be severely weakened. The extent to which the elimination of interchange affects the competitive picture, cannot, as stated, be ascertained from the present record, and until such information is submitted the Division submits that the record is deficient to the extent that no finding can be made thereon. Now—

Well, before proceeding further, Mr. Examiner, I will submit the motion.

EXAM. BAKER. To whom are you directing the motion, Mr. Wiprud, to the Examiner or to the Commission?

MR. WIPRUD. Well, in stating the Commission I am directing it to the Examiner, of course. The statement of counsel here, as well as the witnesses, clearly indicates the importance of this interchange information. It seems to us that this information can be obtained readily by request of the carriers indicated for this period, and I believe that some of the witnesses have indicated that they are willing to supply this information. In fact, one of the witnesses has already supplied some of the information.

EXAM. BAKER. Well, Mr. Wiprud, obviously the Examiner has no power to grant such a motion, to order all the carriers you have named to submit any information. If you desire that your motion remain on the record for action by the Commission itself—the Examiner himself will not act upon it, but if you desire a ruling by the Examiner at this time, I will have no alternative but to deny the motion.

1603 MR. WIPRUD. Well, I suggest, Mr. Examiner, that the motion remain on the record for consideration by the Commission, with the thought in mind that the carriers interchanging traffic at the points stated submit the information, not as to individual carriers, but divide the tonnage as between the lines in the proposed merger and those out of the merger. I think that information would be sufficient upon which to enable the Commission to make some determination as to the effect upon the competitive situation.

May I inquire of the Examiner whether or not it would be in order for him, as a presiding officer at this hearing, to require the carriers involved in this unification to supply this information?

EXAM. BAKER. The Examiner might request such information, but will it be of value to you unless you have the other information for comparative purposes with respect to the other carriers?

MR. WIPRUD. Well, it would be of value, Mr. Examiner, but, of course, it would not be complete without the other information. I believe that the carriers who have appeared here, these independent carriers, have indicated a willingness to present such in-

formation. The Examiner might inquire of Mr. Miller, who represents a number of such carriers whether it would be possible to supply that information.

Exam. BAKER. I will direct my question to applicant's 1604 counsel only. Would applicant be willing to furnish information disclosing the amount of traffic interchanged at New York by the carriers involved in this proceeding?

Mr. SULLIVAN. No; I do not see any reason why we should not do that. My pause was only because I was wondering what the question—does that mean only going into the south or coming back from the south, or any interchange at New York City?

Exam. BAKER. Any traffic at New York. Indicate for each carrier, for instance, for Horton, the amount interchanged there destined beyond New York and the amount received by that carrier destined to other points on his line. Is that what you had in mind, Mr. Wiprud?

Mr. WIPRUD. Did you include Baltimore and Philadelphia?

Mr. SULLIVAN. Now we are getting into something.

Mr. WIPRUD. Wait a minute. Just a moment. I included in my motion those three points.

Exam. BAKER. What is the purpose of including those?

Mr. WIPRUD. Well, because they are important interchange points.

Exam. BAKER. I would only request applicant to furnish information with respect to New York. Is that agreeable to applicant?

Mr. SULLIVAN. That is agreeable. And that was for the 1605 six month period—what period was that?

Exam. BAKER. I would say for the calendar year 1940 would be a more representative period.

Mr. SULLIVAN. That is pretty hard to get.

Mr. WIPRUD. May I say to the Examiner that this information, as I understand it, was in the form of an exhibit. It is not information that should be so difficult to get.

Mr. SULLIVAN. I don't know that we can get all of it, Mr. Examiner. Some of the carriers in the group may not have a breakdown as to points—I think—

Exam. BAKER. Off the record a moment.

(Discussion off the record.)

Exam. BAKER. Go back on the record. With respect to my request, I have no disposition to unduly burden applicant. In view of the explanation made as to the comparative unavailability of the tonnage figures, I will ask that the information requested by given in dollars for the calendar year 1940 for the carriers involved in this proceeding.

Mr. WIPRUD. And for what point, Mr. Examiner?

Exam. BAKER. The City of New York.

Mr. WIPRUD. Well, now, Mr. Examiner, we would like to state again that the tonnage is the important figure, and I think, so far as the intervening independent carriers are concerned, I am 1606 informed that they are prepared to supply the tonnage figures, and it could be for a more limited period. If a year is a burden on these carriers, why, it might be for a more limited period.

Exam. BAKER. How do you feel the tonnage is any more representative of the amount of business involved, Mr. Wiprud?

Mr. WIPRUD. Well, I think that the tonnage indicates the volume of movement more than the dollar figure does. And that is what we are concerned with from the public standpoint. That is the deficiency in this record.

Exam. BAKER. Well, the tonnage would only indicate that so many tons moved through New York. It would not indicate the amount of the distance of the movement in any way.

Mr. WIPRUD. Well, now, Mr. Examiner, in connection with Mason & Dixon, in connection with his testimony, as I recall, you required him to furnish his entire tonnage as a comparison with his interchange tonnage, and that is exactly what we want here. We can get the gross tonnage. And a witness for applicant has been on the stand and testified that they can supply it.

Mr. MILLER. Of course, that was the first seven months.

Mr. WIPRUD. Well, let us take that, then, the first seven months of this year. That is a representative period.

Exam. BAKER. I have to accept applicant's statement—may I ask, Mr. Horton, how much of a job would it be to your company to prepare data with respect to the tonnage inter- 1607 changed at New York during the first six months of 1941?

Mr. HORTON. We would only have to go back to the files and pick out about eight hundred thousand manifests and segregate those.

Mr. WIPRUD. For 1941?

Exam. BAKER. Well, I mentioned for the first six months of 1941.

Mr. HORTON. 1941? It would be approximately half that many. Now, we can get the dollars, we keep those.

Exam. BAKER. Very well. Thank you, Mr. Horton.

Mr. WIPRUD. Mr. Examiner, may I inquire of Mr. Horton here, I believe the testimony of not only Mr. Reicher, but the testimony of his representative—I think it was Mr. Lawson testified that they did have those figures available. He did not have them here, he said, but he had them available.

Mr. HORTON. If he did, I must say he knows something about the figures.

Exam. BAKER. That is sufficient, Mr. Horton. I will adhere to my previous ruling on the subject.

Mr. WIPRUD. Well, now, what is the ruling, Mr. Examiner, may I inquire? Is it limited to New York and to dollars?

Exam. BAKER. That is correct.

Mr. WIPRUD. Insofar as applicants are concerned?

Exam. BAKER. That is correct.

Mr. WIPRUD. And for what period?

1608 Exam. BAKER. I was going to fix a time in connection with all data to be furnished. I will do that now. Any parties who have been requested to furnish data to the Commission should furnish same within 10 days from this day, which would be September 19, 1941. In furnishing that information one original and one copy should be transmitted to the Commission directed to Mr. W. Y. Blaning, Director, Bureau of Motor Carriers, Washington, D. C., attention Section of Finance, and copies of any such data should be furnished to counsel representing other parties to the proceeding.

Mr. WIPRUD. May I inquire, Mr. Examiner, about the period that this interchange data is to cover? Was that the first six months of 1941?

Exam. BAKER. No. The period stated in my original request was for the calendar year 1940.

Mr. WIPRUD. I see. And do I understand that the information requested in the motion from carriers not in the merger will be submitted to the Commission for consideration?

Exam. BAKER. In the normal course of procedure, in the event a proposed report of the Examiner is required, this case would not be submitted to the Commission itself until after service of the proposed report and the filing of any exceptions or other pleadings with respect thereto.

I might suggest that if you desire the Commission itself to immediately act upon such a request as you have indicated
1609 that it would be better procedure to file a petition with the Commission requesting that they enter an order in accordance with your suggestion.

Mr. WIPRUD. Would the record be kept open to show action on that petition?

Exam. BAKER. I am not sure I understand what you mean.

Mr. WIPRUD. Well, if we have to prepare a petition to submit to the Commission, it would not be in another proceeding; it would be in this proceeding?

Exam. BAKER. Oh, yes; it would be in this proceeding.

Mr. WIPRUD. So that the action of the Commission will be a part of this record.

Exam. BAKER. You may always file a petition with the Commission for any remedy that you feel you are entitled to.

Mr. WIPRUD. Yes; I understand, but I was wondering whether or not the record would be kept open to note the request, and the petition would be filed in pursuance of the request and the action of the Commission on the request.

Exam. BAKER. I am not sure I understand what you mean to imply by "Will the record be kept open." You will be at liberty to file a petition, if that is what you are asking.

Mr. WIPRUD. All right, sir.

Exam. BAKER. And you may refer to anything that you have stated in this record.

Mr. SULLIVAN. The case itself is closed now, as I 1610 understand it, or whenever we adjourn.

Exam. BAKER. Mr. Glynn.

Mr. GLYNN. Mr. Examiner, we do not have any witness to present on behalf of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, but it is desired to make a very brief statement of a factual character and also to point out our position briefly.

First, in speaking for the International Brotherhood of Teamsters—

Mr. SULLIVAN. Mr. Examiner—just a minute. I object to any statement of this sort. I think if they have a witness who wants to go on the stand and subject themselves to cross-examination that that is the proper and orderly procedure.

Exam. BAKER. Mr. Glynn, is your statement going to be on matters of fact or merely a statement of your position?

Mr. GLYNN. It is principally a matter of fact.

Exam. BAKER. Well, I agree with Mr. Sullivan, then, that if you want to introduce facts into this record that you should have a witness take the stand.

Mr. GLYNN. Well, if counsel feels that way about it, I, of course, will have to abide by the decision. I do not have any witness available, but I do think that I do have a right at this time to state that I represent over six hundred thousand employees—

Mr. SULLIVAN. Mr. Examiner—

1611 Exam. BAKER. He may state whom he represents.

Mr. SULLIVAN. Well, is he noting an appearance here?

Exam. BAKER. He has noted an appearance.

Mr. SULLIVAN. Well, didn't that come in at the time he noted his appearance?

Exam. BAKER. The name of the organization whom he represented did. If he wants to make a further explanation as to the International Brotherhood, he may do so.

Mr. GLYNN. I think it is also proper for me to state that approximately 250,000 of the 600,000 employees that we represent are engaged in interstate and intercity transportation, over-the-road haulers—

Exam. BAKER. I feel that—well, go ahead.

Mr. GLYNN. Well, now if Your Honor please, I do not want to proceed, as you might say, too much on the ground of propriety. I will just ask if we have an opportunity to file a brief, and also ask that the Examiner make a report and that we be served with a copy of it. Now, if I am permitted to state what our purpose is here and what we expect the Examiner to do in this hearing just briefly, I will be glad to do so, but if I can't, why, we will just put it in the brief.

Exam. BAKER. Since you have indicated that you will file a brief, of course, that will be the proper place for any argument you want to make, and there is no occasion to 1612 duplicate that here orally. On the other hand, if you want to introduce any factual matters, of course, you are at liberty yourself to testify.

Mr. GLYNN. Well, I would not want to take the stand, because I am an attorney, and I do not have the factual information, the source of it, at hand at all. I do not want to take the stand. I will contend myself with filing a brief.

Exam. BAKER. Very well.

Mr. JOSELOFF. Mr. Examiner, before the hearing is closed, I would like to amend the application in Docket No. 1613 in this case to state the exact number of shares desired to be issued, as follows:

In lieu of the 700,000 shares of applicant's common stock par value \$1, it is requested that that amount be 880,311 shares; and in lieu of the 60,000 shares of preferred stock par value \$100, it is requested to issue 54,049 shares of preferred stock par value \$100.

Those totals would provide for the conversion privileges of the preferred stock, and would also provide for the additional stock that would result as treasury stock, and the acquisition of the Barnwell Warehouse Company, which would be subsequently cancelled.

Exam. BAKER. The application will be considered as 1613 amended accordingly. Do any other intervenors have any testimony to present? Does applicant have any other evidence to present?

Mr. SULLIVAN. The applicant has no other testimony that it desires to present.

Exam. BAKER. Will the parties agree that if the Commission desires any additional data to aid it in consideration of this proceeding that it may request the same by correspondence and upon receipt incorporate the same into the record? Is that agreeable?

Mr. SULLIVAN. The applicant agrees.

Mr. WIPRUD. So agreed.

Exam. BAKER. Let the record show that there is no objection. Mr. Glynn has already indicated that he desires a proposed report. What are the wishes of the other parties?

Mr. WIPRUD. We desire a proposed report, Mr. Examiner.

Mr. MILLER. That is our position.

Mr. LACEY. And we also desire a proposed report, and a brief and participate in oral argument.

Exam. BAKER. You are at this time requesting that oral argument be granted?

Mr. LACEY. I think, Mr. Examiner, it would be desirable in view of the importance of this case and the principles that are involved. I do not want to unduly delay this proceeding. I presume it is in the interest to expedite it, but if it 1614 will not unduly prolong the proceeding, oral argument would be highly desirable.

Exam. BAKER. Prior to the recess taken—

Mr. LACEY. Pardon me. May I have this also, that this request is shared in by Mr. Burnette, of the Lynchburg Chamber of Commerce. He had to make a train at six o'clock and he asked that I make the statement on his behalf also.

Exam. BAKER. Prior to the two-week adjournment it was indicated by the parties then present that the allowance of 23 days for the filing of briefs would be sufficient. What is the position of the other parties? What is your position on that, Mr. Lacey?

Mr. LACEY. I did not get the first part. Twenty-three days? I think that is sufficient.

Exam. BAKER. Mr. Glynn, will 23 days be satisfactory to you?

Mr. GLYNN. Well, from where I am sitting I could not hear what the time was.

Exam. BAKER. Would it be satisfactory to you to allow 23 days from this date for the filing of briefs?

Mr. GLYNN. Yes.

Exam. BAKER. Mr. Miller?

Mr. MILLER. Satisfactory.

Mr. WIPRUD. Mr. Examiner, I would like to inquire when 1615 we can get a copy of the transcript of the record. I do not see how in the world we can prepare a brief if we have to wait two weeks for the transcript, or even ten days.

Exam. BAKER. That, of course, the Examiner cannot answer.

Mr. WIPRUD. Well, under those circumstances—we are working night and day as it is to get ready for this hearing, and if the time is to be shortened one week, and it takes ten days to get the transcript, I do not see how we can.

Mr. LACEY. Mr. Examiner, would it be proper to say 23 days from the date the transcript is delivered?

Mr. JOSELOFF. The transcript of most of this proceeding is out already. It is just the last few days.

Mr. WIPRUD. Well, the transcript of the first hearing, but not of the adjourned hearing. We have not seen any transcript of the adjourned hearing. We were told it would not be ready for ten days.

Exam. BAKER. The Examiner will fix October 9 as the date for the filing of briefs. All briefs will be due simultaneously. There will be no reply briefs. If there is nothing further, the hearing is closed.

(Whereupon at 7:45 p. m., September 9, 1941, the hearing in the above-entitled matter was closed.)

1617

*Plaintiff's Exhibit 3**Exhibit 1*

Memorandum of Agreement made this 11 day of June 1941, between Associated Transport, Inc., hereinafter called "Associated," and the others, undersigned, hereinafter called the "Designees."

The Designees are all named as such in various agreements exchanged simultaneously with Associated on June 11, 1941, wherein two-thirds of them are empowered to waive in whole or in part the provisions of paragraph Sixth of each of said agreements.

It is agreed as follows:

First. The provisions of paragraph Sixth of each of the agreements made on June 11, 1941, between the stockholders of the companies listed below and Associated are hereby waived to permit each of said companies to distribute, on or after December 1, 1941, or after approval by the Interstate Commerce Commission referred to in said agreement, whichever is earlier, but in any event prior to the closing date provided for in said agreements, in addition to the compensation or expense allowance provided for in subdivision (3) of paragraph Sixth of said agreements and notwithstanding subdivision (10) of said paragraph Sixth, whether by way of dividends, compensation, expense, or otherwise, up to twenty percent of the net earnings of each said company for the year ending December 31, 1941, before provision for income taxes:

Horton Motor Lines, Incorporated.

Consolidated Motor Lines, Incorporated.

Barnwell Brothers, Incorporated.
 McCarthy Freight System, Inc.
 M. Moran Transportation Lines, Inc.
 Southeastern Motor Lines, Incorporated.
 The Transportation, Inc.
 Barnwell Warehouse & Brokerage Company.
 Conger Realty Company.
 Brown Equipment and Manufacturing Company.
 Southern New England Terminals, Inc.

1618 In Witness Whereof, the parties hereto have caused these presents to be signed and sealed, the day and year first above written.

ASSOCIATED TRANSPORT, INC., by B. M. Seymour [l. s.],
 Exerett J. Arbour [l. s.], John J. McCarthy [l. s.]
 Mortimer Allen Sullivan [l. s.], H. D. Horton
 [l. s.], H. N. Barnwell [l. s.], Virgil R. Goode
 [l. s.], Clifford C. Brock [l. s.], A. Henry, Trustee
 [l. s.].

1619 EXHIBIT OF PRINCIPAL MOTOR COMMON CARRIERS OPERATING BETWEEN POINTS NORTH OF THE POTOMAC RIVER, ON THE ONE HAND, AND POINTS SOUTH OF THE POTOMAC RIVER, ON THE OTHER HAND, AND PRINCIPAL MOTOR COMMON CARRIERS OPERATING BETWEEN POINTS WITHIN THE SOUTH, AND DIRECTLY COMPETING WITH CERTAIN MOTOR COMMON CARRIERS COMPOSING A PART OF ASSOCIATED TRANSPORT, INC.

1620 Principal motor common carriers operating between points north of the Potomac River, on the one hand, and points south of the Potomac River, on the other hand, and directly competing with certain motor common carriers composing a part of Associated Transport, Inc.:

1. Akers Motor Lines, Incorporated.
2. Atlantic States Motor Lines, Inc.
3. Atlantic Coast Freight Lines, Inc.
4. Baltimore Transfer Co. of Baltimore City.
5. Brooks Transportation Company, Inc.
6. Carolina Freight Carrier Corporation.
7. Central Motor Lines, Inc.
8. Cochrane Transportation Co.
9. Colonial Motor Freight Line.
10. Cooper Motor Express.
11. East Coast Freight Lines, Inc.
12. Harris Brothers Transfer Co.
13. Hooks Motor Line.
14. Horlacher Delivery Service, Inc.
15. Howard Hall Co., Inc.

16. Jack Cole Co., Inc.
17. Kilgo Transfer Company, Inc.
18. The Mason & Dixon Lines, Inc.
19. McLean Trucking Company.
20. Miller Motor Express.
21. Mundy Motor Lines.
22. Novick Transfer.
23. Overnight Motor Transportation Co.
24. Preston Trucking Company.
25. Red Line, Inc.
26. Roadway Express, Inc.
27. R. C. Motor Line.
28. Ross Motor Line, Inc.
29. Super Service Motor Freight.
30. Tidewater Express Line, Inc.
31. Transport Corporation of Virginia.
32. Vance Trucking Co., Inc.
33. Candler Transfer Co.
34. Spotswood Transfer Co.
35. M. D. Hicklin.

1621 Principal motor common carriers operating between points in the south and directly competing with certain motor common carriers composing a part of Associated Transport, Inc.:

36. American Trucking Corporation.
37. A. A. A. Highway Express, Inc.
38. Lewis & Holmes Motor Freight Corporation.
39. Great Southern Trucking Co.
40. New South Express Lines, Inc.
41. Efron Trucking Co. Inc.
42. Smith Transfer, Inc.
43. ET & WNC Motor Transportation Co.
44. Fredrickson Motor Express Corporation.
45. Blizzard Motor Express.
46. Motor Transit Company.
47. Overnite Transportation Co.
48. Rutherford Freight Lines.
49. Lowther Trucking Co.
50. L. H. Bottoms Truck Line.
51. Thurston Motor Lines.
52. Fleming Transfer (Formerly Phillip Greenberg).
53. Karl Lenker.

31. Transp. Corporation of Virginia
 32. Vance Trucking Co., Inc.
 33. Canler Transfer Co.
 34. Spotswood Transfer Co.
 35. M. D. Hicklin

SOUTHERN CARRIERS

36. American Trucking Corporation
 37. A. A. Highway
 38. Lewis & Holmes Motor Freight Corp.
 39. Great Southern Trucking Co.
 40. New South Express Lines, Inc.
 41. Efron Trucking Co., Inc.
 42. Smith Transfer, Inc.
 43. F. T. & W. S. C. Motor Transp. Co.
 44. Fredrickson Motor Express Corp.
 45. Blizard Motor Express
 46. Motor Transit Co.
 47. Overnite Transportation Co.
 48. Rutherford Truck Lines
 49. Lowther Trucking Company
 50. L. H. Bottoms Truck Lines
 51. Thurston Motor Lines
 52. Fleming Transfer (formerly Philip Greenberg)
 53. Karl Leuker

Service is not known. Carrier has certificate, including this point.

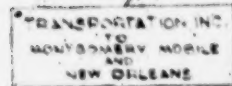
KEY

B: BARNWELL BROTHERS, INCORPORATED
H: HORTON MOTOR LINES, INC.
S: SOUTHEASTERN MOTOR LINES, INCORPORATED
T: TRANSPORTATION, INCORPORATED

NOTE: HORTON HAS TRU SERVICE RIGHTS ONLY
SEEK THIS ROUTE

THRU 20 - PRINCIPAL CITY REFERENCE NUMBERS

NOTE: HORTON HAS THRU SERVICE RIGHTS ONLY
OVER THIS ROUTE
THRU 20 - PRINCIPAL CITY REFERENCE NUMBERS



1624

EXHIBIT No. 3

Before the Interstate Commerce Commission

Re Application of Associated Transport, Inc. For Acquisition of
Control of Certain Motor Carriers and for the Consolidation
Thereof

Witness-----

**REPRESENTATIVE LIST OF MOTOR CARRIERS SERVING SAME TERRITORY
AS CONSOLIDATED MOTOR LINES, INCORPORATED, AND MCCARTHY
FREIGHT SYSTEM, INC., IN MASSACHUSETTS, RHODE ISLAND, CON-
NECTICUT, METROPOLITAN NEW YORK, NORTHERN NEW JERSEY,
AND ALBANY, N. Y., CAPITOL DISTRICT**

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | | |
|---|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|--------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. | North Adams, Mass. |
| A. B. & C. Motor Trans. Co., Inc., ¹ Fitchburg, Mass. | | x | x | | | x | | x | | | | x | x | |
| Adley Express Co., Inc., ¹ New Haven, Conn. | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| American Trucking Co., ¹ Springfield, Mass. | | | x | | | x | | x | | x | x | x | x | x |
| Andrews & Pierce, Inc., ¹ Boston, Mass. | | x | | x | x | | | | | x | | | x | |
| Bay States Motor Exp. Co., ¹ Cambridge, Mass. | | x | | x | x | x | | | | x | x | | x | x |
| Bencon Fast Freight Co., Inc., ¹ New York, N. Y. | | x | | x | x | | | x | x | x | | x | | x |
| Benjamin Motor Ex- press, Inc., ¹ Charle- stown, Mass. | | x | | x | x | | | x | x | x | | x | | x |
| B & E Transportation Co., New York, N. Y. | | x | | x | | | | x | x | | | x | | x |
| Berkshire-N. Y. Motor Des., ¹ Sheffield, Mass. | | | | | | | | | | | | x | x | |
| Berkshire Overnite Ex- press, Gt. Barrin- ton, Mass. | | | | | | | | | | | | x | x | |
| Blake Motor Lines, Inc., Torrington, Conn. | | | | | | | | | x | | | x | | |
| Bolacks Express, Worcester, Mass. | | | | | | | | | | | | | | |
| Boston-Buffalo Trans. Co., ¹ Cambridge, Mass. | x | x | | x | | | | x | | | | | x | x |
| Boston-N. Y. Trans. Co., Inc., Chelsea, Mass. | | x | | x | | | | x | x | | | x | | x |
| Boston & Spfld. Des- patch, Boston, Mass. | x | | | | | x | | | | x | | | x | x |

¹ Denotes class I motor carriers.

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued

| Name and Address of Carriers | Representative Points | | | | | | | | | | |
|--|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. |
| Boston & Taunton Trans. Co., So. Boston, Mass. | | x | | x | x | | | | x | | |
| Boston & Woonsocket Express, Woonsocket, R. I. | | x | | | | | | | | x | x |
| Boston, Prov. & Fall River Ex., New Bedford, Mass. | | x | | x | x | | | | x | | x |
| C. Bowen, Inc., Boston, Mass. | | x | | | | | | x | | | |
| B & S Transportation Co., So. Boston, Mass. | x | x | | x | | | | x | | | |
| Brockton Transportation Co., Brockton, Mass. | | x | | x | | | | | | | |
| E. F. Broderick Co., Inc., New York, N. Y. | | x | | | | | | | x | x | x |
| Brown & Pollock Mtr. Lines, Bridgeport, Conn. | | x | | | | x | | | x | x | x |
| Braz Express Company, Springfield, Mass. | | | | | | | | | | | |
| 1625 Burgess Express Co., Plainville, Mass. | | x | | x | | | | x | x | | x |
| Cape Cod Overland Express, Brockton, Mass. | | x | | x | x | | | | x | | |
| Carlson & Company, Manchester, Conn. | | x | x | x | | x | | x | | x | x |
| Chief Freight Lines, Syracuse, N. Y. | x | x | | | | | | | | x | x |
| H. Chudnofsky, Chelsea, Mass. | | x | | x | | | | x | x | | x |
| Capitol Motor Trans. Co., Inc., Boston, Mass. | x | x | | x | | | | x | x | | x |
| City Truck Co., Inc., Worcester, Mass. | | x | | x | | | | | | | |
| Clinton Trucking Co., Clinton, Mass. | | | | | | | | | x | | |
| Clinton Transportation Co., New York, N. Y. | x | | x | x | | | | x | x | x | x |
| Frank J. Cole, Somerville, Mass. | | x | | | | | | | | | |
| Colonial Navigation Co., New York, N. Y. | | x | | x | | | | x | x | x | x |
| Connecticut Motor Lines, Inc., New Haven, Conn. | | x | | | x | x | | x | x | x | |
| Cook Bros. Trucking Co., Boston, Mass. | | x | | x | x | | | x | | x | |
| Jos. L. Coyle, Boston, Mass. | | x | | x | | | | x | x | | x |
| Crowe & Company, Waterbury, Conn. | | x | | | | x | | x | x | | x |
| H. B. Church Truck Serv. Co., Roxbury, Mass. | | x | | | | | | | | | |

x Denotes class 1 motor carriers

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | | |
|--|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|--------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. | North Adams, Mass. |
| E. N. Curtis Transport, Inc., Danielson, Conn. | | x | | x | x | x | x | | | x | | | | x |
| D & X Motor Transportation, Lawrence, Mass. | | x | | x | x | | | x | x | x | | | x | |
| Darcey Transportation Co., Waterbury, Conn. | | x | x | x | x | x | x | x | | x | x | x | x | x |
| Devereaux Bros., Waterbury, Conn. | | | | | | x | | | | x | x | | | |
| Dighton Transfer Company, No. Dighton, Mass. | | x | | x | x | | | | x | | | | x | |
| Downing & Perkins, Hartford, Conn. | | | x | | | x | | | x | | x | x | | |
| Dunham Trucking Company, Springfield, Mass. | x | x | | x | | | | | | | | | x | |
| Eastern Motor Freight Lines, Plainfield, N. J. | | x | x | x | x | x | | x | x | x | x | x | x | x |
| Emmott Transportation Co., Uxbridge, Mass. | | | | x | x | | | x | x | x | | x | | |
| Fagan Transportation Co., New Britain, Conn. | | | x | | | x | | | x | | x | x | | |
| Falman Motor Lines, Inc., Hartford, Conn. | | | x | | | x | | | x | x | x | | | |
| 1626 Fall River & New Bedford Ex. Co., Fall River, Mass. | | x | | | | | | | | x | | | | |
| Fast Eight Lines, Bound Brook, N. J. | | x | | x | x | | | x | x | x | | | x | |
| Federal Motor Trans. Co., New Bedford, Mass. | | x | | x | x | | | | | x | | | | |
| Fines Motor Transport, Stamford, Conn. | | | x | | | | | | x | | | x | | |
| Finkel Motor Trans. Co., New Bedford, Mass. | | x | | x | x | | | x | x | x | | | x | |
| A. J. Finney, Plymouth, Mass. | | x | | x | x | | | | | x | | | | |
| Fish Transport Company, New Bedford, Mass. | | x | | x | x | | | x | x | x | | | x | |
| Gableman's Express, Winsted, Conn. | | | | | | | | | x | | | | | |
| Gamache Trucking Company, Fall River, Mass. | | | | | x | x | | | x | x | | x | | |
| Louis J. Gardella Motor Trans., Norwalk, Conn. | | | | | | | | | | | | x | | |
| Gardiner's Express, Springfield, Mass. | | | | | | | | | | | | | | x |
| Gay's Express, Bellows Falls, Vt. | x | x | x | | | x | | | x | | | x | x | x |

¹ Denotes class I motor carriers.

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | |
|---|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. |
| Goodman's N. Y. & Conn. Exp., New York, N. Y. | | | x | | | x | | | x | | x | x | |
| Gordon Bros. Trans. Co., Bridgeport, Conn. | | | x | | | | | | x | | x | | |
| H & L Transportation, Cambridge, Mass. | | x | | x | x | | | x | x | | | | |
| Hallamors Motor Trans., Brockton, Mass. | | x | | x | | | | x | | x | | | |
| Harrison Despatch Company, Lynn, Mass. | | x | | | | | | | | | | | |
| Harrison Motor Freight, Hillsdale, N. J. | | x | | x | x | | | x | x | | | x | |
| Hartford Despatch & Whse. Co., Hartford, Conn. | | x | x | x | | x | x | | | | x | | |
| Hartford Transportation Co., Hartford, Conn. | | | x | | | x | | | x | x | | | |
| Hemingway Bros. Inter. Tkg. Co., New Bedford, Mass. | | x | x | x | x | x | x | x | x | x | x | x | x |
| Hercules Trucking Company, Providence, R. I. | | x | | | | | | | | | | | |
| Herschfield Motor Trans. Co., South Norwalk, Conn. | | | x | | | | | x | | | | | |
| Highway Express, Boston, Mass. | | x | | x | | | | x | x | | | | |
| Hinch, R. J., Long Island City, N. Y. | | x | | x | | | | x | x | | | | |
| Holland Trans. Company, Boston, Mass. | | x | | x | | | | x | | | | | |
| Holmes Trans. Company, Worcester, Mass. | | x | x | x | x | x | x | x | x | x | x | x | x |
| 1827 Huckins & Company, Boston, Mass. | | x | | x | x | | | | x | | | | |
| Imperial Freight Lines, Albany, N. Y. | x | x | | | | | | | | | | | |
| Inter-City Trans. Company, Boston, Mass. | | x | | x | x | | | x | x | x | | | |
| Interstate Magazine Bldg. Co., New York, N. Y. | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Henry Jenkins Trans. Co., Inc., Boston, Mass. | | x | | x | x | x | x | x | x | x | x | x | x |
| Jewett City Trucking Co., Jewett City, Conn. | | x | | x | | x | x | | | | | | |
| K-K Golden Arrow Lines, Boston, Mass. | | x | | x | | | | x | x | | | | |
| Philip J. Kane, New Bedford, Mass. | | | x | x | | | | | | | | | |

x Denotes class I motor carriers.

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued.

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | | |
|---|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|--------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. | North Adams, Mass. |
| E. J. Kelley Company, ¹ Torrington, Conn. | | | X | | | X | | | | X | X | | | |
| Keogh Storage Company, ¹ Fall River, Mass. | | | X | X | X | | X | | | X | | | | |
| Kling Bros. Trucking, ¹ Hamden, Conn. | | | X | | | | | | X | | X | X | | |
| Kravetz Motor Express, ¹ Chelsea, Mass. | | | X | X | | | | X | X | | | | | |
| L & L Transportation Co., ¹ Lowell, Mass. | | | X | X | | | | X | X | | | | | |
| Laramée's Transit, Inc., Woonsocket, R. I. | | X | | | X | | | | | X | | | | |
| Lukas Motor Lines, ¹ Waterbury, Conn. | | | X | | | X | | | X | X | X | | | |
| The Lattin Storage & Truck Co., Bridgeport, Conn. | | | X | | | | | | X | | | | | |
| Laube Interstate Trucking Co., ¹ Waterbury, Conn. | | | X | X | X | X | X | X | X | X | X | X | X | X |
| Liberty Motor Freight Lines, Secaucus, N. J. | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Longbard Bros., ¹ Waterbury, Conn. | | | X | | | X | X | | | X | X | | X | X |
| Lowell Trucking Company, ¹ Lowell, Mass. | | X | X | | | | | X | X | | | | | |
| Lyons Express, Brockton, Mass. | | X | X | | | | | | | | | | | X |
| M & M Transportation Co., Somerville, Mass. | | X | X | X | | | | X | X | X | | X | | X |
| M & R Transportation Company, ¹ Springfield, Mass. | | | X | X | | X | | X | | X | X | | | |
| Mahoney Trucking Company, Boston, Mass. | | | X | X | | | | X | X | | | X | | X |
| Malkin Motor Freight Company, Springfield, Mass. | | X | X | X | X | X | | | | X | X | X | | X |
| Manhattan Transit Company, Roxbury, Mass. | | X | X | | | | | X | X | X | X | | X | X |
| McCarthy's Express Company, Lawrence, Mass. | | X | X | | | | | X | | | | X | | X |
| McCullough Trans. Co., ¹ | | | | | | | | X | | | | | | |
| Wm. E. Rutherford, N. J. | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Mil-Tex Transit Company, Providence, R. I. | X | X | X | X | | X | | | X | | | X | X | X |
| McFarland & Stample Company, ¹ New Haven, Conn. | | X | | | | | | X | | X | X | | | |
| Modern Motor Freight, Inc., Ridgefield, N. J. | X | X | X | | | X | | | X | X | X | X | X | X |

¹ Denotes class I motor carriers.

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | | |
|---|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|--------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. | North Adams, Mass. |
| Montour Bros., Inc., Fitchburg, Mass. | | X | | | | | | | | | | | | |
| Moshassuck Trans. Company, Sayles- ville, R. I. | | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Motor Service Trans. Company, Fitch- burg, Mass. | | | | | | | | | | | | | | X |
| Moulton & Holmes, ¹ Boston, Mass. | | X | X | | | | | | | | | | X | |
| Mullen Bros., North Adams, Mass. | X | | | | | | | | | | | X | | |
| P. B. Mutrie Motor Trans., Inc., ¹ Dor- chester, Mass. | X | | X | X | | | | | X | | | X | X | X |
| National Transporta- tion Co., ¹ Bridge- port, Conn. | | | X | | | X | X | | | X | X | X | | X |
| Newburgh Transfer & Storage, Newburgh, N. Y. | X | X | | | | | | | X | | X | | | |
| New England Carrier Corp., ¹ Paterson, N. J. | | | | | X | X | | X | X | | X | X | X | X |
| New England Trans- portation Co., ¹ Bos- ton, Mass. | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Nemasket Transporta- tion, ¹ Middleboro, Mass. | X | | X | X | | | | | X | | | | X | X |
| New London & Bos- ton Trans., New London, Conn. | | X | | | | | | | | | | | X | |
| New York & Mass. Motor Service, ¹ Springfield, Mass. | | | | | | | | | X | | X | | | X |
| N. Y. & Worcester Despatch, ¹ Wor- cester, Mass. | | | | | | | | | X | | X | | | X |
| Oates Bros., Shelton, Conn. | | | X | | | | | | X | | X | X | | X |
| George H. O'Brien, Norwood, Mass. | X | | | | | | | | | | | | | |
| Old Colony Forward- ing Company, ¹ Bos- ton, Mass. | | X | X | X | | | | X | X | X | | X | X | X |
| Onondaga Freight Cor- poration, ¹ Syracuse, N. Y. | X | X | | | | | | | X | | X | | X | X |
| Orain's Trucking Company, Taunton, Mass. | | | | X | | | | | | | | | X | |
| Perrett & Glenney, South Manchester, Conn. | | | X | | | X | | | X | X | X | | | |
| Porter Trucking Com- pany, Taunton, Mass. | X | X | X | | | | | | | | | | X | X |
| T. Porto & Sons, Wall- ingford, Conn. | | X | | | | X | X | X | X | X | X | X | | X |
| Providence & Spfld. Despatch, Spring- field, Mass. | | | | | | | | | | | | | X | X |

¹ Denotes class I motor carriers.

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | | |
|--|-----------------------|---------------|------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|--------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. | North Adams, Mass. |
| 1629 Providence Teaming Company, Cranston, R. I. | | x | | | | | | | | | | | | |
| Public Auto Delivery, Paterson, N. J. | | x | | x | x | | x | x | x | x | | x | | x |
| Puritan Freight Lines, Bridgeport, Conn. | | | x | | | x | | | x | | x | x | | |
| Rapid Motor Lines, New Haven, Conn. | | | x | | | | | | x | | x | x | | |
| Rapid Transportation Company, Brighton, Mass. | | | | | | | x | | | | | | | |
| Reynolds Bros. Motor Trans., Brockton, Mass. | | x | | x | | | | | | | | | x | |
| C. Rickard & Sons, Bridgeport, Conn. | | | x | | | | | | x | | | x | | |
| H. C. Roulston, Inc., New York, N. Y. | | | x | | | x | | | x | | x | x | | x |
| Road's Motor Express, Waterbury, Conn. | x | | | | | | | | | | | | | x |
| Ruppolo's Express, New Haven, Conn. | | | x | | | x | | | x | | x | x | | x |
| Savin's Express, New London, Conn. | | | x | x | x | x | x | | x | x | x | x | | x |
| St. Johnsbury Trucking Company, St. Johnsbury, Vt. | | x | | | | | | | | | | | x | x |
| Seaboard Freight Lines, New York, N. Y. | x | x | x | x | x | x | x | x | x | x | x | x | x | x |
| Shawmut Transportation Company, Brooklyn, N. Y. | | x | x | | | | | x | x | | | x | | x |
| Sheridan Bros., Central Falls, R. I. | | x | x | | | | | | | | x | | | |
| H. T. Smith Express, Meriden, Conn. | | | x | | | x | | | x | | x | x | | x |
| Summers Motor Lines, Springfield, Mass. | | x | x | x | | x | | | x | | x | x | | x |
| Standard Express Company, Terryville, Conn. | x | x | | | | x | | | | | x | x | | x |
| Stone's Express, Inc., Boston, Mass. | | x | x | x | | | | x | x | x | | x | | x |
| Superior Freight Lines, Springfield, Mass. | | | | | | | | | x | | | x | | |
| Textile Motor Express, Central Falls, R. I. | | | | | x | | x | | x | x | | x | | x |
| Tomlinson Bros., New Haven, Conn. | | | x | | | | | | x | | x | x | | |
| A. Towle Company, Boston, Mass. | | x | x | | | x | | x | x | | | x | | x |
| Trudon & Platt Motor Lines, Bristol, Conn. | | | | | | x | | | x | | x | | | x |
| Trudon Overland Motor Express, Bristol, Conn. | | | | | | x | | | x | x | x | | | x |
| Turnpike Motor Trans., Worcester, Mass. | | x | | | | | | | | | | | | x |
| United Transportation of R. I., Providence, R. I. | | | | x | x | | | | x | x | | x | | x |

1 Denotes class I motor carriers.

REPRESENTATIVE LIST OF MOTOR CARRIERS—Continued

| Name and Address of Carriers | Representative Points | | | | | | | | | | | | | | | |
|---|-----------------------|---------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|---------------|--------------------|--------------------|------------------|-----------------|--------------------|----------------|-------------------|
| | Albany, N. Y. | Boston, Mass. | Bridgeport, Conn. | Brockton, Mass. | Fall River, Mass. | Hartford, Conn. | Jewett City, Conn. | Lawrence, Mass. | Newark, N. J. | New Bedford, Mass. | New Britain, Conn. | New Haven, Conn. | New York, N. Y. | North Adams, Mass. | Norwich, Conn. | Pittsfield, Mass. |
| 1630 Utility Freightways, Bronx, N. Y. | | x | x | | | | | x | x | | | x | | | | |
| Valleries Trans. Service, Norwalk, Conn. | | | x | | | | | | x | | | x | | | | x |
| Valley Transportation Co., Uxbridge, Mass. | | | | x | x | | x | | x | x | | | x | | | x |
| G. Vigeant Trucking Company, New Bedford, Mass. | | x | x | x | | | | | | x | | | | | | |
| Watt Bros., Central Falls, R. I. | | | | | x | | | | x | x | | | x | | | x |
| H. P. Welch Company, Somerville, Mass. | | x | x | x | | x | | | | | | x | | | | x |
| West Side Motor Express, Inc., Springfield, Mass. | | x | | | | | | | | | | | | | | x |
| White Line Motor Express, Bridgeport, Conn. | | | x | | | x | x | | x | | x | x | | x | | x |
| Wooster Express, Inc., Hartford, Conn. | | x | x | | x | x | x | | x | x | x | x | | | | x |
| Wooster & Taunton Exp., Inc., Worcester, Mass. | | | | | | | | | | | | | | | | x |

x Denotes class 1 motor carriers.

Name of Carrier

[illegible]

| Name of Carrier | Representative points | | | | | | | | | | | | | | | |
|----------------------------------|-----------------------|---------------|----------------|-------------------|----------------|---------------|-----------|------------------|-----------------|----------------------|--------------|-------------------|------------------|--------------------|-----------------|--------------|
| | Albany, N. Y. | Auburn, N. Y. | Batavia, N. Y. | Binghamton, N. Y. | Buffalo, N. Y. | Elmira, N. Y. | Erie, Pa. | Jamestown, N. Y. | New York, N. Y. | Niagara Falls, N. Y. | Olean, N. Y. | Philadelphia, Pa. | Rochester, N. Y. | Schenectady, N. Y. | Syracuse, N. Y. | Utica, N. Y. |
| 1635 National Carloading Corp. | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Nestor Bros., Inc. | X | | | | | | | | | | | | | | | |
| Newell Trucking Co. | | | | | | | | | | | | | | | | |
| Niagara Motor Express, Inc. | X | X | X | | | | | | | X | | | X | X | X | X |
| Northern Motor Express | | | | | | | | | | | | | | | | |
| Onida Motor Freight, Inc. | X | X | X | X | | | | X | X | X | | X | X | X | X | X |
| Omndages Freight Corp. | X | X | X | X | X | X | | | X | X | | | X | X | X | X |
| Orange & Black Express, Inc. | | | | | X | | X | X | | | | | | | | |
| Overland Express | X | | | | | | | | X | | | | | | | |
| Penfold, A. G. | | | | | | | | | | | | | X | | | |
| Penn Ohio New York Express | | | X | X | | | X | X | | X | X | | | | | |
| Petrick Express | | | | X | X | X | | | X | | | X | | | | |
| Porays Express Line, Inc. | | | X | X | X | | | | | X | | | X | | X | |
| Purdie, N. C., Corp. | X | X | X | X | X | X | X | X | | X | X | | X | X | X | X |
| Qeester Service | | | | | | | | | X | X | | | | | | |
| Railley, Ernest | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Raz Delivery Co. | | X | X | | | | | | | | | | | | | |
| Reddick, Erwin F., Auto Exp. | | X | | | | | | | | | | | | | | |
| Red Star Express Lines | X | X | X | X | X | X | | X | X | | X | | | | | |
| Rhinevault Trucking Co., Inc. | | | X | X | X | X | | | | | | | | | | |
| Richards Motor Freight Lines | X | X | X | X | X | | X | X | X | | X | X | X | X | X | X |
| Riverside Service Corp. | | | | | X | | | | | | | | | | | |
| Rochester Forwarding Co. | X | X | X | | | | | | X | X | | | X | | | |
| Rogers Transportation | | | | X | | X | | | | | | | | | X | |
| Ruths Express | | X | | | | | | | | | | | X | X | X | X |
| Ruffalo's Trucking Service, Inc. | X | X | X | X | X | X | | | X | | | | X | X | X | X |
| S & W Express Lines | X | X | X | X | X | | | | | | | | X | X | X | X |
| Safeway Truck Lines | X | X | X | X | X | X | X | X | | | X | X | X | X | X | X |
| Seaboard Freight Lines, Inc. | X | X | X | X | X | X | X | X | | X | X | X | X | X | X | X |
| Seigel Trucking | X | | | | | | | | | | | | | X | | |
| Seneca Lines, Inc. | | | | | | X | | | | | | X | | | | |
| 1636 Shirks Motor Express | | | | | | X | | | X | | | X | | | | |
| Smith & Howell | X | X | X | X | X | X | | X | X | X | X | X | X | X | X | X |
| Smith Transportation Lines | X | | | | | | | | | | | | X | X | X | X |
| Spector Motor Service | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Spinella, Rosario | X | | | | | | | | | | | | | | | |
| Stahl's Trucking Co. | | | X | | X | | | | X | | | </ | | | | |

CERTIFICATE OF AMENDMENT TO CHARTER OF HORTON MOTOR LINES,
INCORPORATED

Horton Motor Lines, Incorporated, a corporation organized and existing under the laws of the State of North Carolina, by its President and Secretary, pursuant to authority conferred upon them by the Directors and Stockholders of said corporation, do hereby certify as follows:

I. That on the 28th day of December 1940, pursuant to a waiver of notice duly signed in accordance with the bylaws of said corporation, a meeting of the Directors of the corporation was held, at which meeting all of the Directors of said corporation were present in person, and the following resolution was unanimously adopted:

"Be it resolved: That it is deemed wise and to the best interest of the corporation that its original Charter be amended by striking out the first paragraph of Item IV in its certificate of incorporation, as amended under date of August 11, 1934, and April 5, 1940, and substituting in lieu thereof the following:

"The capital stock of the corporation shall consist of seventy thousand (70,000) shares, of the par value of Twenty Dollars (\$20.00) each, divided into ten thousand (10,000) shares of Class A Stock, ten thousand (10,000) shares of Class B Stock, and fifty thousand (50,000) shares of Class C Stock."

"Be it resolved further: That a meeting of the stockholders of the corporation be called for the purpose of considering and passing upon the foregoing resolution.

1638 "Be it resolved further: That if and when all of the stockholders owning voting stock of the corporation shall vote in favor of said amendment, the President and Secretary of the corporation shall, under the corporate seal and in the name of the corporation, execute a certificate thereof, acknowledged as in the case of deeds of real estate, and shall cause same to be filed, together with the written assent of the stockholders, with the Secretary of State of North Carolina, to the end that the charter of the corporation may be so amended, and upon receipt of a certified copy thereof from the Secretary of State of North Carolina, the said officers of the corporation shall cause same to be recorded in the office of the Clerk of the Superior Court of Mecklenburg County, North Carolina."

II. That pursuant to said resolution, and pursuant to waiver of notice duly signed by all of the stockholders of said corporation, in accordance with the bylaws of said corporation, a meeting of the stockholders was held at the time and place specified therein, at which meeting all of the stockholders of the corporation were present in person, and a resolution was unanimously adopted approving the amendment proposed by the Board of Directors and adopting the resolution of the Board of Directors as and for a resolution of the stockholders of said corporation.

III. That the foregoing amendment was assented to in writing by all of the stockholders of the corporation holding common stock, which assent is hereto attached and made a part hereof.

In witness whereof, Horton Motor Lines, Incorporated, has, on this 7th day of January 1941, caused these presents to be signed in its name by its President, attested by its Secretary, and 1639 has caused its corporate seal to be affixed hereto, all by due authority of its Board of Directors and of its stockholders, at a meeting duly called and held for that purpose.

[CORPORATE SEAL]

HORTON MOTOR LINES, INCORPORATED.

By: H. D. HORTON, *President*.

Attest:

J. A. SUTTON, *Secretary*.

We, the undersigned, being all of the common stockholders of Horton Motor Lines, Incorporated, do hereby give our written assent to the amendment of the certificate of incorporation of said corporation, as set forth in the foregoing or annexed certificate of amendment, signed by the President and Secretary of the corporation:

| Name of stockholders | No. of shares |
|-------------------------|---------------|
| H. D. Horton | 8,688 |
| Daisy Eldson Horton | 636 |
| Henry Clay Horton | 636 |
| Benjamin Stevens Horton | 636 |
| J. D. Kluttz | 1 |
| J. A. Sutton | 1 |
| J. N. Johnson | 1 |
| C. A. Cochran | 1 |
| J. B. Evans | 1 |
| M. B. Speir, Jr. | 1 |
| J. D. Lawson | 1 |
| B. L. Frazier | 1 |

1640 STATE OF NORTH CAROLINA,

County of Mecklenburg.

This 7th day of January 1941, personally came before me, O. P. Roberson, a Notary Public in and for said county and state, J. A. Sutton, who, being duly sworn, says that he knows the com-

mon seal of Horton Motor Lines, Incorporated, and is acquainted with H. D. Horton, who is the President and presiding member of said corporation, and that he, the said J. A. Sutton, is the Secretary of said corporation and saw the said President sign the foregoing instrument and saw the said common seal of said corporation affixed to said instrument by said President, and that he, the said J. A. Sutton, Secretary as aforesaid, signed his name in attestation of the execution of said instrument in the presence of said President of said corporation.

Witness my hand and notarial seal.

[NOTARIAL SEAL]

O. P. ROBERSON,
Notary Public.

My commission expires Dec. 22, 1942.

Filed Jan. 24, 1941. Thad Eure, Secretary of State.

1641 NORTH CAROLINA,
Mecklenburg County.

I, J. Lester Wolfe, Clerk of Superior Court of North Carolina, do hereby certify that the foregoing is a true and exact copy of an amendment to the Charter of Horton Motor Lines, Incorporated, as the same appears and is taken from the records in my office in book of corporations 18, page 506 Et Seq.

Witness my hand and seal of the Superior Court of Mecklenburg County, this the 19th day of August 1941.

[SEAL]

(Sgd.) J. LESTER WOLFE,
Clerk, Superior Court.

1642

Exhibit No. 6

Witness: H. E. Howell.

ANALYSIS OF COMPETITION WITH MCCARTHY FREIGHT SYSTEM,
INC., AND CONSOLIDATED MOTOR LINES, INC., OF REGULAR ROUTE
COMMON CARRIERS OF GENERAL COMMODITIES FOR INTERSTATE
FREIGHT TRAFFIC IN NEW ENGLAND

September 1941

1643

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| Competing carriers listed alphabetically, giving business address and code number for each carrier..... | |
| Numerical list of competing carriers..... | 1650 |
| Competing carriers listed in order of code number..... | |
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| Gives for each operating route analyzed the total number of competing carriers and key to the map on which the route is shown. | |

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|--|-----------|
| Outline map of territory | Side fol. |
| Shows location of communities between which operating routes are analyzed. | 1659 |
| Map graphs of competition | 1660 |
| Graphic presentation of material in Table I: | |
| Map A | 1660 |
| Map B | 1661 |
| Map C | 1662 |
| Map D | 1663 |
| Map E | 1664 |
| Table II: Analysis of competition by routes showing individual carrier references | 1665 |
| Lists for each route analyzed; the code numbers of carriers which have operating rights for the route. | |

1644 ALPHABETIC LIST OF COMPETING CARRIERS

| Carrier name | Address | Code No. |
|---|-------------------------|----------|
| A. B. & C. Motor Transportation Co., Inc. | Fitchburg, Mass. | 1 |
| A. & N. Transportation Co., Inc. | So. Portland, Maine | 3 |
| Adams Overland Express | Worcester, Mass. | 4 |
| Adler Express Company | New Haven, Conn. | 1012 |
| Affleck's Moving | Providence, R. I. | 7 |
| Alger Bros., Inc. | Somerville, Mass. | 12 |
| Andrews & Pierce, Inc. | So. Boston, Mass. | 13 |
| Andrews Transportation Co. | New Bedford, Mass. | 16 |
| Appleyard's Express Co. | Methuen, Mass. | 17 |
| Archie's Motor Transportation Co. | New Bedford, Mass. | 18 |
| Aspen Transportation Service, Inc. | West Gardner, Mass. | 25 |
| Atkinson Transport, Inc. | Bridgewater, Mass. | 27 |
| Atlantic Motor Express | Portland, Maine | 28 |
| Atlantic Motor Express | Providence, R. I. | 29 |
| W. E. Atwood Truck Service | Somerville, Mass. | 30 |
| W. M. Auchair Motor Transportation | Manchester, N. H. | 33 |
| B. & E. Transportation Co., Inc. | New York, N. Y. | 1057 |
| B. & S. Transportation Co., Inc. | So. Boston, Mass. | 41 |
| Bachman Motor Line | Bridgeport, Conn. | 1011 |
| Bailey's Express | East Hampton, Conn. | 44 |
| Barnard's Express | Winsted, Conn. | 1027 |
| William C. Barry, Inc. | Somerville, Mass. | 53 |
| Bartlett Express | Keene, N. H. | 55 |
| Baxter's Express Corp. | Hyannis, Mass. | 58 |
| Bay State Motor Express Co. | Cambridge, Mass. | 59 |
| Beacon Fast Freight Co., Inc. | New York, N. Y. | 60 |
| Beaver Transportation Express | So. Boston, Mass. | 63 |
| Bills New York-New Haven Motor Express | New Haven, Conn. | 1029 |
| Berkshire New York Motor Dispatch, Inc. | | 1013 |
| Berkshire New York Overnight Express | Great Barrington, Mass. | 1028 |
| Blake Motor Lines, Inc. | Torrington, Conn. | 1026 |
| Blue Line Motor Transportation Co. | Providence, R. I. | 82 |
| Bolack's Express | Worcester, Mass. | 83 |
| Richard M. Boland, Inc. | Lowell, Mass. | 84 |
| Borden Express Co., Inc. | Lynn, Mass. | 88 |
| Boston & Buffalo Transportation Co. | Cambridge, Mass. | 93 |
| Boston & Maine Transportation Co. | Boston, Mass. | 94 |
| Boston & Rockland Transportation Co. | Rockland, Maine | 95 |
| Boston & Springfield-Dispatch Co. | Boston, Mass. | 96 |
| Boston, Bangor Transportation Corp. | Somerville, Mass. | 99 |
| Boston, Providence & Fall River Express Co. | Fall River, Mass. | 102 |
| Bourne's Transportation Company | Brockton, Mass. | 106 |
| C. Bowen, Inc. | Boston, Mass. | 107 |
| Bradley's Express | Middletown, Conn. | 1030 |
| Brockton Auto Express | Brockton, Mass. | 113 |
| Brown's Express | Gardner, Mass. | 120 |
| Brown's Express | Pittsfield, Mass. | 1014 |
| Brown's Motor-Express | Providence, R. I. | 122 |
| Brown & Pollack Motor Lines, Inc. | Bridgeport, Conn. | 1030 |
| Burgess Express Co., Inc. | Plainville, Mass. | 125 |
| C. & D. Service, Inc. | So. Boston, Mass. | 130 |
| C. & D. Transportation Co. | Newport, R. I. | 131 |
| 1645 Cape Cod Overland Express | Brockton, Mass. | 134 |
| Capitol Motor Transportation Co., Inc. | Everett, Mass. | 135 |
| Carroll Bros. Express | Millers Falls, Mass. | 139 |

ALPHABETIC LIST OF COMPETING CARRIERS—Continued

| Carrier name | Address | Code No. |
|---|-------------------|----------|
| Carter Russell & Co | Haverhill, Mass | 140 |
| A. L. Cedargren & Son | Brockton, Mass | 142 |
| City Truck Co., Inc | Worcester, Mass | 155 |
| Clark's Express | Spencer, Mass | 156 |
| Clinton Auto Express, Inc | Clinton, Mass | 160 |
| Clinton Transportation Corp | New York, N. Y | 161 |
| Clinton Trucking Co | Clinton, Mass | 162 |
| Cole Teaming Co | Providence, R. I. | 174 |
| Connecticut Eastern Motor Lines, Inc | Portland, Conn | 1032 |
| Connecticut Motor Lines, Inc | New Haven, Conn | 183 |
| Connecticut Transfer, Inc | New Haven, Conn | 184 |
| Conway's Express | Pittsfield, Mass | 1033 |
| Cook's Transportation Co | Fall River, Mass | 187 |
| Cooke's Express Co., Inc | New Haven, Conn | 1034 |
| Cooney's Express | Hartford, Conn | 1035 |
| Cooper's Express | Lawrence, Mass | 188 |
| Craft's Motor Transportation, Inc | Newport, Vt | 196 |
| Crowe & Co | Waterbury, Conn | 1036 |
| M. J. Curran Co | New Bedford, Mass | 205 |
| E. N. Curtis Transportation, Inc | Danielson, Conn | 206 |
| D. & N. Motor Transportation Co | Lawrence, Mass | 208 |
| Daignault's Express, Inc | Greenfield, Mass | 209 |
| Daly's Express | Canton, Mass | 210 |
| Darcey Transportation Co., Inc | Waterbury, Conn | 1037 |
| Davis & Davis | Providence, R. I. | 212 |
| Darlington Express | Pawtucket, R. I. | 216 |
| Deehan's Express | Whitman, Mass | 225-A |
| Direct Transit Lines, Inc | Webster, Mass | 231 |
| Wm. J. Dobson | Bridgeport, Conn | 1039 |
| Dockam's Express, Inc | Stoneham, Mass | 235 |
| J. C. Driscoll Transportation Co | Boston, Mass | 243 |
| Dufresne Bros. Motor Transportation Co | Shrewsbury, Mass | 248 |
| Dunham Trucking Company | Springfield, Mass | 250 |
| Dysart's Transportation | Bangor, Maine | 252 |
| Eastern Motor Freight Lines | Plainfield, N. J | 901 |
| Edward's Express | Attleboro, Mass | 261 |
| Edgerton & Sons, Inc | Bridgeport, Conn | 1040 |
| Emmott Valley Transportation Co., Inc | Uxbridge, Mass | 264 |
| Falman Motor Lines, Inc | Hartford, Conn | 1016 |
| Fall River & New Bedford Express Co | Fall River, Mass | 270 |
| Federal Motor Transportation Co | Boston, Mass | 274 |
| Finan's Express | Barre, Mass | 280 |
| A. K. Finney | Plymouth, Mass | 281 |
| Forest City Express | Waterbury, Conn | 1017 |
| Frank's Express | New Haven, Conn | 292 |
| Ben Franklin Transportation Co | Yonkers, N. Y | 294 |
| Froelich Transportation Co., Inc | Stamford, Conn | 1018 |
| Gablemann's Express | Winsted, Conn | 1019 |
| Garands Express | Newburyport, Mass | 296 |
| Louis J. Gardella, Inc | Norwalk, Conn | 1020 |
| Gartford Trucking, Inc | South River, N. J | 1015 |
| Gasper Transportation Co., Inc | Providence, R. I. | 305 |
| 1646 Gay's Express | Bellows Falls, Vt | 306 |
| Gold Line Express, Inc | Mattapan, Mass | 318 |
| Goodman's New York & Connecticut Express Corp | New York, N. Y | 1021 |
| Goodman Bros. Transportation Co., Inc | Newburyport, Mass | 1022 |
| Graf Bros. | Fall River, Mass | 324 |
| Green's Storage Warehouse | Suffield, Conn | 331 |
| Greer Bros. | Middletown, Conn | 1025 |
| H. S. Express | Providence, R. I. | 1024 |
| John H. Haigh | Brockton, Mass | 338 |
| Hallam's Motor Transportation | Lynn, Mass | 341 |
| Harrison's Dispatch Co | New Bedford, Mass | 352 |
| Hemingway Bros., Interstate Trucking Co | Providence, R. I. | 362 |
| Hercules Trucking Co., Inc | Dorchester, Mass | 365 |
| Highway Express Co | Boston, Mass | 371 |
| Holland Transportation Co., Inc | Wakefield, R. I. | 382 |
| Holley's Inc | Worcester, Mass | 383 |
| Holmes Transportation Service | Wallingford, Conn | 384 |
| Hotchkins Express | Boston, Mass | 1023 |
| Huckins & Co., Inc | Bridgeport, Conn | 360 |
| Hurtzeler Bros. Transportation | Albany, N. Y | 1041 |
| Imperial Freight Lines | Brockton, Mass | 395 |
| Inter-City Transportation Co., Inc | New Haven, Conn | 398 |
| Intra State Transfer Corp | Rensselaer, N. Y | 401 |
| Interstate Auto Express | Detroit, Mich | 1042 |
| Interstate Motor Freight System | | 1084 |

ALPHABETIC LIST OF COMPETING CARRIERS—Continued

| Carrier name | Address | Code No. |
|--|------------------------|----------|
| Jackson & Sons Motor Express | Pawtucket, R. I. | 405 |
| Henry Jenkins Transportation Co. | Mattapan, Mass. | 400 |
| Jewett City Trucking Co. | Jewett City, Conn. | 411 |
| E. J. Kelly Company | Torrington, Conn. | 422 |
| Judd's Express | Ansonia, Conn. | 1043 |
| Kennedy's Auto Express | New York, N. Y. | 1044 |
| Keogh Storage Co., Inc. | Fall River, Mass. | 427 |
| Kirby's Express, Inc. | New Bedford, Mass. | 428 |
| Kling Bros. Trucking Co., Inc. | Hamden, Conn. | 1045 |
| Kravetz Motor Express | Chelsea, Mass. | 433 |
| L. & L. Transportation Co. | Lowell, Mass. | 436 |
| Laramie's Transit, Inc. | Woonsocket, R. I. | 442 |
| Laskas Motor Lines, Inc. | Waterbury, Conn. | 1046 |
| Laube-Interstate Inc. | Waterbury, Conn. | 1047 |
| Law & Ingram Transportation Co., Inc. | Nashua, N. H. | 448 |
| Lawrence Transportation Co. | Lawrence, Mass. | 450 |
| LeFrancois Transfer & Taming Co., Inc. | Woonsocket, R. I. | 453 |
| Lewis Express | Northford, Conn. | 1048 |
| Liberty's Eastern Express | Wilton, N. H. | 460 |
| 1647 Lombard Bros. | Waterbury, Conn. | 1049 |
| Lowell Trucking Co. | Lowell, Mass. | 472 |
| Lyons Express Inc. | Brockton, Mass. | 477 |
| McCarthy's Express | Lawrence, Mass. | 479 |
| McCarthy's Express | Hartford, Conn. | 1050 |
| McCullough Transportation Co. | East Rutherford, N. J. | 1082 |
| McGary Transportation Co. | Houlton, Maine | 484 |
| M. C. M. Transportation Co. | Newport, R. I. | 489 |
| M. & M. Transportation Co. | Somerville, Mass. | 491 |
| M. & R. Transportation Co. | Springfield, Mass. | 492 |
| Madison Transportation Co. | Newark, N. J. | 1051 |
| Malkin Motor Freight Co. | Cambridge, Mass. | 499 |
| Manning's Express | East Brookfield, Mass. | 504 |
| Martin's Express | Adams, Mass. | 1052 |
| Massachusetts Motor Trucking & Garage Co. | Boston, Mass. | 507 |
| Melanson's Express | Springfield, Mass. | 1053 |
| Mills Transfer Co. | Boston, Mass. | 523 |
| William H. Mino | Glastonbury, Conn. | 1054 |
| Moan Bros. Express | Hope, R. I. | 527 |
| Montuori Bros., Inc. | Fitchburg, Mass. | 531 |
| Moshassuck Transportation Co. | Saylesville, R. I. | 538 |
| Moskowitz Motor Transportation Co. | Jewett City, Conn. | 1055 |
| Motorway Transportation Co. | Boston, Mass. | 539 |
| Moulton & Holmes | Boston, Mass. | 540 |
| Munroe & Arnold-Merritt Express, Inc. | Salem, Mass. | 543 |
| P. B. Mtrie Motor Transportation, Inc. | Boston, Mass. | 546 |
| Nasaua Motor Express | Nashua, N. H. | 548 |
| National Transportation Co. | Bridgeport, Conn. | 1056 |
| Nemasket Transportation Co., Inc. | Middleboro, Mass. | 551 |
| New Bedford Dispatch Co. | No. Dartmouth, Mass. | 552 |
| Newburgh Transfer, Inc. | Newburgh, N. Y. | 553 |
| New England Carrier Corp. | Paterson, N. J. | 554 |
| New England Dispatch, Inc. | Boston, Mass. | 555 |
| New England Transportation Co. | Boston, Mass. | 1081 |
| New Haven Trucking Co., Inc. | New Haven, Conn. | 556 |
| New London & Boston Trans. Co. | New London, Conn. | 1001 |
| New York Massachusetts Motor Service, Inc. | Springfield, Mass. | 558 |
| New York & Worcester Dispatch, Inc. | Worcester, Mass. | 560 |
| Northampton & Boston Express Service, Inc. | Hadley, Mass. | 564 |
| North, East & West Dispatch | Worcester, Mass. | 565 |
| Oates Bros., Inc. | Derby, Conn. | 568 |
| G. H. O'Brien, Inc. | Norwood, Mass. | 571 |
| O'Brien Transportation Co. | Stoughton, Mass. | 572 |
| Old Colony Forwarding Corp. | New York, N. Y. | 575 |
| Old Colony Transportation Co. | Fall River, Mass. | 577 |
| Onondaga Freight Corp. | Syracuse, N. Y. | 1083 |
| Orsine's Trucking Co. | Taunton, Mass. | 578 |
| P. & D. Transportation Co. | Newport, R. I. | 584 |
| Peerless Motor Express, Inc. | Holbrook, Mass. | 594 |
| Perrett & Glenney, Inc. | Manchester, Conn. | 1002 |
| Perry's Express | Taunton, Mass. | 600 |
| Peterson's Motor Express, Inc. | Manchester, N. H. | 602 |
| H. E. Phillips Motor Transportation | Pawtucket, R. I. | 606 |
| A. D. Fimenthal Motor Transportation | Newport, R. I. | 611 |
| Pioneer Lines | Boston, Mass. | 613 |
| 1648 Porter Trucking Co., Inc. | Taunton, Mass. | 615 |
| Portland-Rumford Express, Inc. | Portland, Maine | 616 |
| T. Porto & Sons | Wallingford, Conn. | 1003 |

ALPHABETIC LIST OF COMPETING CARRIERS—CON.

| Carrier name | Address | Code No. |
|---|-------------------------|----------|
| W. H. Potter Co. | Worcester, Mass. | 618 |
| Power's Express | Brockton, Mass. | 619 |
| Providence Springfield Dispatch | Providence, R. I. | 1004 |
| Providence Teaming Co., Inc. | Cranston, R. I. | 627 |
| Puritan Freight Lines, Inc. | Bridgeport, Conn. | 1005 |
| Hand Picking Express, Inc. | Portsmouth, N. H. | 628 |
| Rapid Transportation Co. | Jewett City, Conn. | 639 |
| Rapid Motor Lines | New Haven, Conn. | 1007 |
| Rapid Transportation Co. | Brighton, Mass. | 640 |
| J. H. Redfern Express | Warren, R. I. | 641 |
| Rex Motor Transportation | Lawrence, Mass. | 647 |
| Reynolds Bros. Transportation Co. | Brockton, Mass. | 649 |
| C. Rickard & Sons, Inc. | Bridgeport, Conn. | 1008 |
| Riverside Transportation Co. | Medford, Mass. | 652 |
| C. A. Roberts Transportation Co. | Winsted, Conn. | 654 |
| Robertson's Overland Express | E. Providence, R. I. | 656 |
| Rood's Motor Express, Inc. | Waterbury, Conn. | 664 |
| Root's Express | Southwick, Mass. | 665 |
| H. C. Roulston, Inc. | New York, N. Y. | 1009 |
| Royal Transportation | Scitersworth, N. H. | 668 |
| Rueppelos Express | New Haven, Conn. | 1010 |
| Samuel Rubin | Providence, R. I. | 671 |
| St. Germain Motor Transportation | Woonsocket, R. I. | 673 |
| St. Johnsbury Trucking Co. | St. Johnsbury, Vt. | 674 |
| Sanborn's Motor Express, Inc. | Norway, Maine | 676 |
| Savin Express Co. | New London, Conn. | 679 |
| Seaboard Freight Lines, Inc. | New York, N. Y. | 1058 |
| Seaver's Express | Milford, Mass. | 684 |
| Service Transportation Co. | Torrington, Conn. | 685 |
| S. T. Shattuck & Sons Express | Andover, Mass. | 687 |
| Shaw Motors | Providence, R. I. | 689 |
| Shawmut Transportation Co. | Brooklyn, N. Y. | 690 |
| Shedd's Express | Putnam, Conn. | 1059 |
| Sheridan Bros., Inc. | Central Falls, R. I. | 1060 |
| Shipper's Service Express, Inc. | Boston, Mass. | 695 |
| Shoe City Express Co. | Brockton, Mass. | 696 |
| Shore Line Express | New Haven, Conn. | 698 |
| Smith's Express | Meriden, Conn. | 1062 |
| Smith & Co. Express | Boston, Mass. | 702 |
| H. T. Smith Express Co. | Meriden, Conn. | 1061 |
| N. F. Smith & Co. | Lowell, Mass. | 705 |
| Sommers' Motor Lines, Inc. | Springfield, Mass. | 1063 |
| Southwestern N. H. Transportation Co. | Wilton, N. H. | 711 |
| Springfield Martin's Express | Springfield, Mass. | 1064 |
| W. A. Stackpole Motor Transportation | Manchester, N. H. | 719 |
| Standard Express, Inc. | Terryville, Conn. | 1065 |
| Standard Transportation Co. | Pawtucket, R. I. | 721 |
| Stankovitch & Roberts | Pawtucket, R. I. | 1077 |
| Sterling Express, Inc. | Cambridge, Mass. | 724 |
| Stone's Express, Inc. | Lynn, Mass. | 727 |
| J. J. Sullivan the Mover, Inc. | Springfield, Mass. | 730 |
| Superior Freight Lines Co. | Springfield, Mass. | 1066 |
| Superior Motor Transportation Co., Inc. | Cambridge, Mass. | 732 |
| 1649 Sykes Motor Express | Stratford, Conn. | 1067 |
| Taylor Trucking Company | Norwich, Conn. | 1068 |
| Theroux Bros. | Woonsocket, R. I. | 745 |
| Thibault's Express Inc. | Brunswick, Maine | 748 |
| Tomlinson Bros. | New Haven, Conn. | 1069 |
| A. Towle Company | Boston, Mass. | 753 |
| Trulon's Overland Motor Express Co., Inc. | Bristol, Conn. | 1070 |
| Trulon & Platt Motor Lines Inc. | Bristol, Conn. | 757 |
| Ralph's Motor Express | Stamford, Conn. | 1006 |
| United Transportation Company of R. I. | Providence, R. I. | 1078 |
| United Trucking Company | Hartford, Conn. | 1071 |
| Vallier's Transportation Service | Norwalk, Conn. | 768 |
| Wadland's Boston & Providence Express Co. | Plainville, Mass. | 775 |
| P. Wajer & Sons Express Co., Inc. | Webster, Mass. | 776 |
| Warren Teaming Co. | Providence, R. I. | 781 |
| Watt Bros. | Central Falls, R. I. | 785 |
| 22 Weldon Motor Express Inc. | Williamantic, Conn. | 1079 |
| Westville Trucking Co. | Westville, Conn. | 1075 |
| West Side Motor Express Inc. | West Springfield, Mass. | 788 |
| D. F. Weymouth Express | Leominster, Mass. | 789 |
| E. A. Wildes Co. | Brighton, Mass. | 798 |
| Wiley's Express | Laconia, N. H. | 799 |
| Henry P. Williamson | Stamford, Conn. | 1074 |

ALPHABETIC LIST OF COMPETING CARRIERS—Con.

| Carrier name | Address | Code No. |
|---------------------------|------------------|----------|
| Wing's Express, Inc. | Haverhill, Mass. | 802 |
| Whited-Hartford Express | Lowell, Mass. | 1080 |
| Wolf's Express Co. | Hartford, Conn. | 806 |
| Wooster Express, Inc. | Worcester, Mass. | 1072 |
| Worcester City Delivery | Westford, Mass. | 800 |
| Harold W. Wright Trucking | Boston, Mass. | 811 |
| Y. D. & P. Motor Lines | Boston, Mass. | 812 |
| Yale Motor Service | New Haven, Conn. | 1073 |
| Younken Smith & Hopkins | Boston, Mass. | 815 |

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NUMERICAL LIST OF COMPETING CARRIERS

| No. | Carrier | No. | Carrier |
|-----|--------------------------------|------|----------------------------------|
| 1 | A B & C Motor Trans. Co., Inc. | 205 | Curran, M. J. Company. |
| 3 | A & N Transportation Co., Inc. | 206 | Curtis, E. N. Transportation Co. |
| 4 | Adams Overland Express. | 208 | D & N Motor Transportation Co. |
| 7 | Affleck's Moving. | 209 | Daignault's Express Co. |
| 12 | Alger Brothers, Inc. | 210 | Daly's Express. |
| 15 | Andrew's & Pierce, Inc. | 212 | Davis & Davis. |
| 16 | Andrew's Transportation Co. | 216 | Darlington Express. |
| 17 | Appleyard's Express Co. | 225A | Dechan's Express. |
| 18 | Archie's Motor Trans. Co. | 231 | Direct Transit Lines, Inc. |
| 21 | Aspen Trans. Service, Inc. | 235 | Dockam's Express, Inc. |
| 27 | Atkinson Transport, Inc. | 243 | Driscoll, J. C. Transportation. |
| 28 | Atlantic Motor Express. | 248 | Dufresne Bros. Motor Trans. Co. |
| 29 | Atlantic Motor Express. | 250 | Dunham Trucking Co. |
| 30 | Atwood Truck Service, W. E. | 252 | Dysart's Transportation. |
| 33 | Aucilar Motor Trans., W. M. | 261 | Edward's Express. |
| 41 | B & S Transportation Co., Inc. | 264 | Emmott-Valley Trans. Co., Inc. |
| 44 | Bailey's Express. | 270 | Fall River & New Bedford Ex. Co. |
| 53 | Barry, Inc., William C. | 274 | Federal Motor Trans. Co. |
| 55 | Bartlett's Express. | 280 | Fidan's Express. |
| 58 | Baxter's Express Corp. | 281 | Finnely, A. K. |
| 59 | Bay State Motor Express Co. | 282 | Frank's Express. |
| 60 | Beacon Fast Freight Co., Inc. | 294 | Franklin, Ben Trans. Co. |
| 63 | Beaver Transportation Express. | 299 | Garands Express. |
| 82 | Blue Line Motor Transp. Co. | 305 | Gaspee Transportation Co., Inc. |
| 84 | Boack's Express. | 306 | Gay's Express. |
| 84 | Boland, Inc. Richard M. | 318 | Gold Line Express Inc. |
| 88 | Borden Express Co., Inc. | 324 | Graf Bros. |
| 93 | Boston & Buffalo Trans. Co. | 331 | Green's Storage Wsae. |
| 94 | Boston & Maine Trans. Company. | 338 | Haigh, John H. |
| 95 | Boston & Rockland Trans. Co. | 341 | Hallamore's Motor Trans. |
| 96 | Boston & Springfield Dispatch. | 352 | Harrison Dispatch Company. |
| 99 | Boston, Bangor Trans. Corp. | 362 | Hemingway Bros. Interstate Trkg. |
| 102 | Boston, Prov. & Fall River Ex. | 365 | Hercules Trucking Co., Inc. |
| 106 | Bourne's Transportation Co. | 371 | Highway Express Co. |
| 107 | Bowen, C. Inc. | 382 | Holland Trans. Company, Inc. |
| 113 | Brocton Auto Express. | 383 | Holley's Inc. |
| 120 | Brown's Express. | 384 | Holmes Transportation Service. |
| 122 | Brown's Motor Express. | 390 | Huckins & Co., Inc. |
| 125 | Burgess Express Co., Inc. | 395 | Imperial Freight Lines. |
| 130 | C & D Service, Inc. | 398 | Inter City Trans. Company. |
| 131 | C & D Transportation Co. | 401 | Intra State Transfer Corp. |
| 134 | Cape Cod Overland Express. | 405 | Jackson & Sons Motor Express. |
| 135 | Capitol Motor Trans. Co., Inc. | 409 | Jenkins, Henry Trans. Company. |
| 139 | Carroll Bros. Express. | 411 | Jewett City Trucking Co. |
| 140 | Carter Russell & Company. | 422 | Kelly, E. J. Company. |
| 142 | Cedergrew, A. L. & Son. | 427 | Keogh Storage Co., Inc. |
| 155 | City Truck Co., Inc. | 428 | Kirby's Express, Inc. |
| 156 | Clark's Express. | 433 | Kravez, Motor Express. |
| 160 | Clinton Auto Express, Inc. | 436 | L & L Transportation Co. |
| 161 | Clinton Transportation Corp. | 442 | Laramie's Translt. Inc. |
| 162 | Clinton Trucking Company. | 448 | Law & Ingram Transp. Co., Inc. |
| 174 | Cole Teaming Company. | 450 | Lawrence Transportation Co. |
| 183 | Connecticut Motor Lines, Inc. | 453 | LeFrancis Transfer & Teaming. |
| 184 | Connecticut Transfer, Inc. | 460 | Liberty's Eastern Express. |
| 187 | Cook's Transportation Co. | 472 | Lowell Trucking Corp. |
| 188 | Cooper's Express. | 477 | Lyon's Express, Inc. |
| 196 | Craft's Motor Trans., Inc. | 479 | McCarthy's Express. |

NUMERICAL LIST OF COMPETING CARRIERS—Continued

| No. | Carrier | No. | Carrier |
|-----|-----------------------------------|------|------------------------------------|
| 484 | McGarry Transportation Co. | 732 | Superior Motor Trans. Co., Inc. |
| 489 | M C M Transportation Co. | 748 | Theroux Bros. |
| 491 | M & M Transportation Co. | 746 | Thibault's Express, Inc. |
| 492 | M & R Transportation Co. | 753 | A. Towle Company. |
| 499 | Malin Motor Freight Co. | 757 | Trudon & Platt Motor Lines, Inc. |
| 504 | Manning's Express. | 768 | Vallerie's Transportation Service. |
| 507 | Mass. Motor Trkg. & Garage Co. | 775 | Wadland's Boston & Prov. Express. |
| 523 | Mills Transfer Company. | 776 | P. Wajer & Sons Express, Inc. |
| 527 | Moan Bros. Express. | 781 | Warren Teaming Co. |
| 531 | Montuori Bros. Inc. | 785 | Watt Bros. |
| 538 | Moshassuck Transportation Co. | 788 | West Side Motor Express, Inc. |
| 539 | Motorway Transportation Co. | 789 | Weymouth, D. F. Express. |
| 540 | Moulton & Holmes. | 798 | Wildes, E. A. Company. |
| 543 | Munroe & Arnold-Merritt Ex. Inc. | 799 | Willey's Express. |
| 546 | Mutrie, P. B. Motor Trans. Inc. | 802 | Wings Express, Inc. |
| 548 | Nashua Motor Express. | 806 | Wolff's Express Co. |
| 551 | Nemasket Transportation Co. | 809 | Worcester City Delivery. |
| 552 | New Bedford Dispatch Co. | 811 | Wright, Harold E. Trucking. |
| 553 | Newburgh Transfer, Inc. | 812 | Y. D. F. P. Motor Lines. |
| 554 | New England Carrier Corp. | 815 | oulden Smith & Hopkins. |
| 555 | New England Dispatch Inc. | 901 | Eastern Motor Freight Lines. |
| 556 | New Haven Trucking Co., Inc. | 1001 | New London & Boston Trans Co. |
| 558 | New York Mass. Motor Service. | 1002 | Perretti & Glenney, Inc. |
| 560 | New York & Worcester Dispatch. | 1003 | T. Porto & Sons. |
| 564 | Northampton & Boston Ex. Service. | 1004 | Prov.-Springfield Dispatch. |
| 565 | No. East & West Dispatch. | 1005 | 1005 Puritan Freight Lines, Inc. |
| 568 | Oates Bros., Inc. | 1006 | 1006 Ralphs Motor Express. |
| 571 | O'Brien, G. H. Inc. | 1007 | 1007 Rapid Motor Lines. |
| 572 | O'Brien Transportation Co. | 1008 | C. Rickard & Sons, Inc. |
| 575 | Old Colony Forwarding Corp. | 1009 | H. C. Rouillon, Inc. |
| 577 | Old Colony Transportation Co. | 1010 | Ruoppolos Express. |
| 578 | Orsine's Trucking Co. | 1011 | Bachman Motor Lines. |
| 584 | P & D Transportation Co. | 1012 | Adley Express Company. |
| 584 | Peerless Motor Express, Inc. | 1013 | Berkshire N. Y. Motor Dispatch. |
| 590 | Perry's Express. | 1014 | Brown's Express. |
| 602 | Peterson's Motor Express, Inc. | 1015 | Garford Trucking, Inc. |
| 606 | Phillips, A. E., Motor Trans. | 1016 | Fairman Motor Lines, Inc. |
| 611 | Pimental, A. D. Motor Trans. | 1017 | Forest City Express. |
| 613 | Pioneer Lines. | 1018 | Freelich Trans. Co., Inc. |
| 615 | Porter Trucking Co., Inc. | 1019 | Gablemanns Express. |
| 616 | Portland-Rumford Express, Inc. | 1012 | Louis J. Gardella, Inc. |
| 618 | Potter, W. H. Company. | 1021 | Goodman's NY & Ct. Express Corp. |
| 619 | Power's Express. | 1022 | Goodman Bros. Trans. Co. |
| 627 | Providence Teaming Co., Inc. | 1023 | Greer Bros. |
| 636 | Rand Pickering Express, Inc. | 1024 | H. S. Express. |
| 639 | Rapid Transportation Co. | 1025 | Hotchkiss Express. |
| 640 | Rapid Transportation Co. | 1026 | Blake Motor Lines, Inc. |
| 641 | Redfern, J. H. Express. | 1027 | Barnard's Express. |
| 647 | Rex Motor Transportation. | 1028 | Berkshire-NY Overnight Express. |
| 649 | Reynolds Bros. Trans. Co. | 1029 | Bills NY-NH Motor Express. |
| 652 | Riverside Transportation Co. | 1030 | Bradley's Express. |
| 654 | Roberts, C. A. Trans. Company. | 1031 | Brown & Pollack Motor Lines. |
| 656 | Robertson's Overland Express. | 1032 | Conn. Eastern Motor Lines. |
| 664 | Rood's Motor Express, Inc. | 1033 | Copways Express. |
| 665 | Root's Express. | 1034 | Cooke's Express Co., Inc. |
| 668 | Royal Transportation. | 1035 | Cooney's Express. |
| 671 | Rubin, Samuel. | 1036 | Crowe & Company. |
| 673 | St. Germain Motor Transportation. | 1037 | Darcey Trans. Co., Inc. |
| 674 | St. Johnsbury Trucking Co. | 1039 | Wm. J. Dobson. |
| 676 | Sanborn's Motor Express, Inc. | 1040 | Edgerton & Sons, Inc. |
| 679 | Savin Express Co. | 1041 | Hurtzeler Bros. Trans. |
| 684 | Seaver's Express. | 1042 | Interstate Auto Express. |
| 685 | Service Transportation. | 1043 | Judd's Express. |
| 687 | S. T. Shattuck & Sons Express. | 1044 | Kennedy's Auto Express. |
| 689 | Shaw Motors. | 1045 | Kling Bros. Trucking Co. |
| 690 | Shawmut Transportation Co. | 1046 | Lakas Motor Lines, Inc. |
| 695 | Shipper's Service Express, Inc. | 1047 | Laube Interstate, Inc. |
| 696 | Shoe City Express Co. | 1048 | Lewis Express. |
| 698 | Shore Line Express. | 1049 | Lombard Bros. |
| 702 | Smith & Co.'s Express. | 1050 | McCarthy's Express. |
| 705 | Smith, N. F. & Company. | 1051 | Madison Transportation Co. |
| 711 | Southwestern N. H. Trans. Co. | 1052 | Martins Express. |
| 719 | Stackpole, W. A. Motor Trans. | 1053 | Melanson's Express. |
| 721 | Standard Transportation Co. | 1054 | William H. Mino. |
| 724 | Sterling Express, Inc. | 1055 | Moskowitz Motor Trans. Co. |
| 727 | Stone's Express, Inc. | 1056 | National Transportation Co. |
| 730 | J. J. Sullivan the Mover, Inc. | 1057 | B & E Transportation Co., Inc. |

NUMERICAL LIST OF COMPETING CARRIERS—Continued

| No. | Carrier | No. | Carrier |
|------|----------------------------------|------|----------------------------------|
| 1058 | Seaboard Freight Lines, Inc. | 1071 | United Trucking Company. |
| 1059 | Shedd's Express. | 1072 | Wooster Express, Inc. |
| 1060 | Sheridan Bros., Inc. | 1073 | Yale Motor Service. |
| 1061 | H. T. Smith Express Co. | 1074 | Henry D. Williamson. |
| 1062 | Smith's Express. | 1075 | Westville Trucking Company. |
| 1063 | Sommer's Motor Lines, Inc. | 1077 | Stankovitch & Roberts. |
| 1064 | Springfield Martin's Express. | 1078 | United Trans. Co. of R. I. |
| 1065 | Standard Express, Inc. | 1079 | H. Weiden Motor Express, Inc. |
| 1066 | Superior Freight Lines Co. | 1080 | Winsted-Hartford Express. |
| 1067 | Syke's Motor Express. | 1081 | New England Transp. Company. |
| 1068 | Taylor Trucking Company. | 1082 | McCullough Transportation Co. |
| 1069 | Tomlinson Bros. | 1083 | Onondaga Freight Corp. |
| 1070 | Trudon's Overland Motor Express. | 1084 | Interstate-Motor Freight System. |

1653 TABLE I.—TOTAL NUMBER OF COMPETING CARRIERS BY ROUTES

| Between | And | No. carriers | Route shown on map. |
|-----------------|--------------------|--------------|---------------------|
| Albany, N. Y. | Boston, Mass. | 9 | E |
| | Bridgeport, Conn. | 4 | D |
| | Fall River, Mass. | 3 | E |
| | Fitchburg, Mass. | 2 | D |
| | Greenfield, Mass. | 2 | C |
| | Hartford, Conn. | 6 | D |
| | New Bedford, Mass. | 3 | E |
| | New Haven, Conn. | 3 | D |
| | New London, Conn. | 3 | E |
| | North Adams, Mass. | 6 | A |
| | Norwich, Conn. | 3 | E |
| | Pittsfield, Mass. | 25 | A |
| | Providence, R. I. | 4 | E |
| | Springfield, Mass. | 9 | C |
| | Taunton, Mass. | 2 | E |
| | Waterbury, Conn. | 4 | D |
| | Worcester, Mass. | 8 | D |
| Amesbury, Mass. | Boston, Mass. | 19 | A |
| | Lowell, Mass. | 10 | A |
| | Providence, R. I. | 7 | C |
| | Springfield, Mass. | 5 | D |
| | Taunton, Mass. | 6 | B |
| | Worcester, Mass. | 7 | B |
| Boston, Mass. | Bridgeport, Conn. | 30 | E |
| | Brockton, Mass. | 48 | A |
| | Danbury, Conn. | 8 | E |
| | Fall River, Mass. | 33 | A |
| | Fitchburg, Mass. | 22 | A |
| | Greenfield, Mass. | 12 | C |
| | Hartford, Conn. | 32 | D |
| | Lowell, Mass. | 70 | A |
| | Middletown, Conn. | 10 | D |
| | New Bedford, Mass. | 33 | B |
| | New Haven, Conn. | 34 | E |
| | New London, Conn. | 20 | C |
| | Newport, R. I. | 13 | R |
| | North Adams, Mass. | 7 | D |
| | Norwich, Conn. | 16 | C |
| | Pittsfield, Mass. | 18 | E |
| | Plymouth, Mass. | 8 | A |
| | Providence, R. I. | 78 | A |
| | Putnam, Conn. | 11 | B |
| | Springfield, Mass. | 47 | C |
| | Taunton, Mass. | 34 | A |
| | Torrington, Conn. | 10 | E |
| | Waterbury, Conn. | 13 | E |
| | Willimantic, Conn. | 14 | C |
| | Winsted, Conn. | 7 | D |
| | Worcester, Mass. | 64 | A |

TABLE I.—TOTAL NUMBER OF COMPETING CARRIERS BY ROUTES—Continued

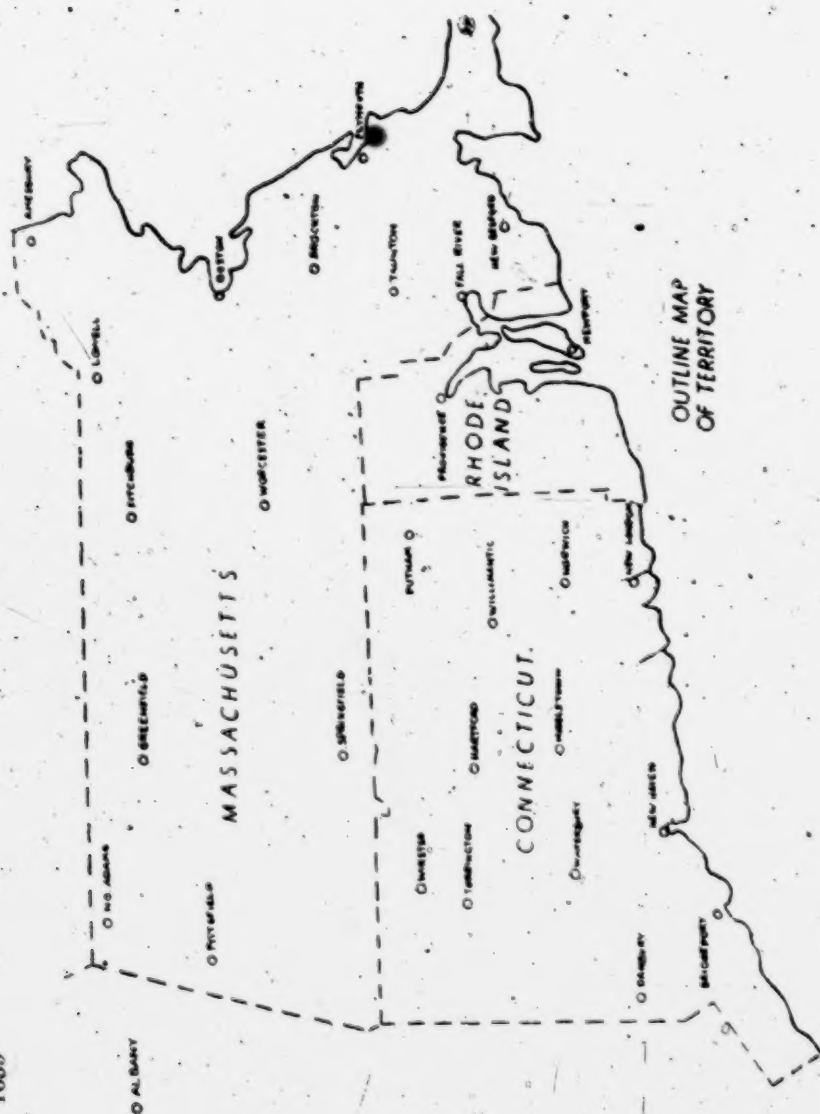
| Between | And | No. carriers | Route shown on map |
|-----------------------|-------------------|--------------|--------------------|
| 1654 Bridgeport, Conn | Danbury, Conn | 15 | A |
| | Fall River, Mass | 10 | E |
| | Fitchburg, Mass | 6 | E |
| | Greenfield, Mass | 5 | D |
| | Hartford, Conn | 54 | B |
| | New Bedford, Mass | 9 | E |
| | New Haven, Conn | 71 | A |
| | New London, Conn | 21 | B |
| | Norwich, Conn | 15 | C |
| | Pittsfield, Mass | 4 | D |
| | Providence, R. I | 21 | D |
| | Springfield, Mass | 33 | C |
| | Taunton, Mass | 11 | E |
| | Torrington, Conn | 18 | A |
| | Waterbury, Conn | 29 | A |
| | Winsted, Conn | 14 | B |
| | Worcester, Mass | 21 | D |
| | Fall River, Mass | 16 | A |
| | Hartford, Conn | 9 | D |
| | Lowell, Mass | 21 | A |
| | New Bedford, Mass | 16 | A |
| Brockton, Mass | New Haven, Conn | 12 | E |
| | New London, Conn | 7 | E |
| | North Adams, Mass | 4 | C |
| | Norwich, Conn | 5 | E |
| | Pittsfield, Mass | 6 | E |
| | Providence, R. I | 19 | A |
| | Springfield, Mass | 10 | D |
| | Taunton, Mass | 19 | A |
| | Waterbury, Conn | 7 | D |
| | Worcester, Mass | 13 | B |
| | Hartford, Conn | 12 | B |
| | Middletown, Conn | 7 | B |
| | New Bedford, Mass | 5 | E |
| | New Haven, Conn | 10 | A |
| | New London, Conn | 7 | C |
| | Norwich, Conn | 7 | C |
| | Pittsfield, Mass | 6 | C |
| | Providence, R. I | 7 | D |
| | Springfield, Mass | 8 | C |
| | Taunton, Mass | 4 | E |
| Danbury, Conn | Torrington, Conn | 6 | A |
| | Waterbury, Conn | 9 | A |
| | Winsted, Conn | 9 | A |
| | Worcester, Mass | 8 | D |
| | Fitchburg, Mass | 5 | C |
| | Hartford, Conn | 7 | C |
| | Lowell, Mass | 15 | R |
| | New Bedford, Mass | 29 | A |
| | New Haven, Conn | 9 | D |
| | New London, Conn | 8 | C |
| | Newport, R. I | 12 | A |
| | North Adams, Mass | 4 | E |
| | Norwich, Conn | 8 | B |
| | Pittsfield, Mass | 5 | E |
| | Providence, R. I | 30 | A |
| | Springfield, Mass | 7 | C |
| | Taunton, Mass | 20 | A |
| | Waterbury, Conn | 7 | D |
| | Worcester, Mass | 11 | B |
| | Greenfield, Mass | 10 | A |
| | Lowell, Mass | 9 | C |
| 1655 | New Bedford, Mass | 6 | A |
| | New Haven, Conn | 8 | C |
| | New London, Conn | 3 | D |
| | North Adams, Mass | 3 | C |
| | Providence, R. I | 11 | B |
| | Springfield, Mass | 11 | B |
| | Taunton, Mass | 5 | B |
| | Worcester, Mass | 20 | A |
| Fitchburg, Mass | Worcester, Mass | 20 | A |

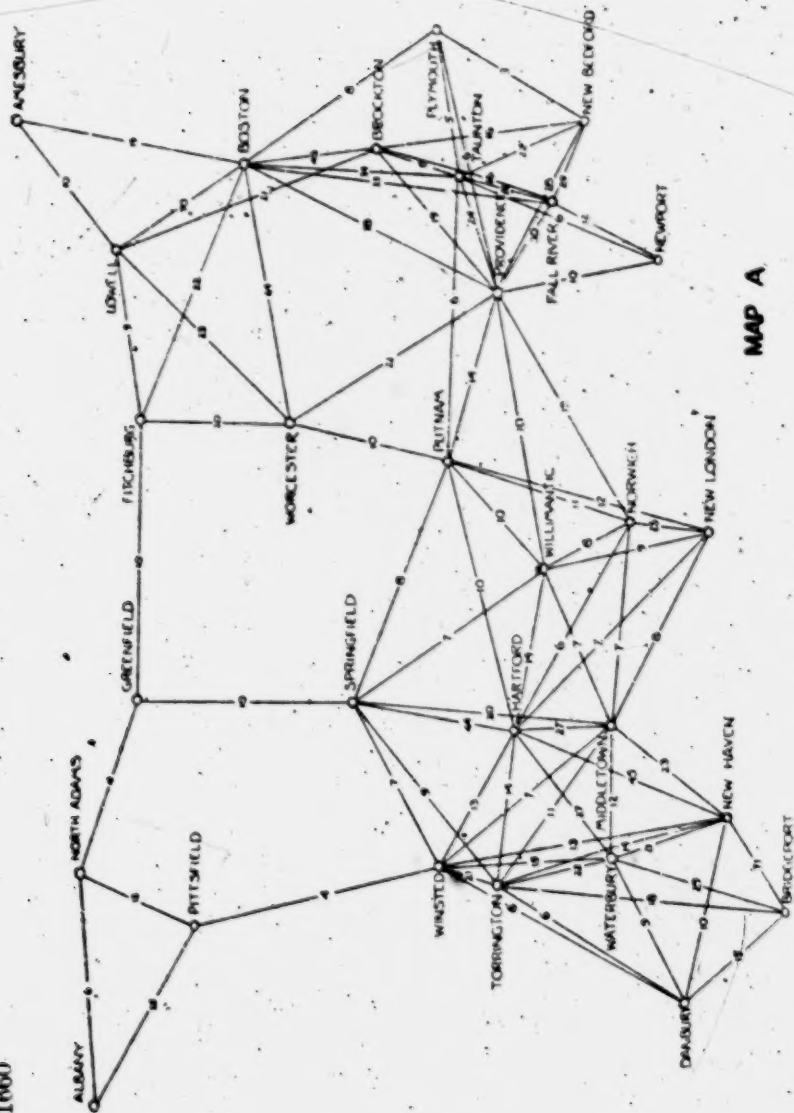
TABLE I.—TOTAL NUMBER OF COMPETING CARRIERS BY ROUTES—Continued

| Between | And | No. carriers | Route shown on map |
|--------------------|--------------------|--------------|--------------------|
| Greenfield, Mass. | Hartford, Conn. | 7 | B |
| | Lowell, Mass. | 5 | C |
| | New Bedford, Mass. | 2 | D |
| | New Haven, Conn. | 6 | C |
| | New London, Conn. | 3 | D |
| | North Adams, Mass. | 4 | A |
| | Norwich, Conn. | 2 | C |
| | Pittsfield, Mass. | 4 | B |
| | Providence, R. I. | 6 | D |
| | Putnam, Conn. | 3 | B |
| | Springfield, Mass. | 10 | A |
| | Waterbury, Conn. | 4 | C |
| | Willimantic, Conn. | 3 | C |
| | Worcester, Mass. | 8 | B |
| | Lowell, Mass. | 12 | D |
| | Middletown, Conn. | 27 | A |
| | New Bedford, Mass. | 7 | D |
| Hartford, Conn. | New Haven, Conn. | 45 | A |
| | New London, Conn. | 7 | A |
| | North Adams, Mass. | 4 | A |
| | Norwich, Conn. | 6 | C |
| | Pittsfield, Mass. | 5 | B |
| | Providence, R. I. | 16 | C |
| | Putnam, Conn. | 10 | A |
| | Springfield, Mass. | 44 | A |
| | Taunton, Mass. | 5 | C |
| | Torrington, Conn. | 14 | A |
| | Waterbury, Conn. | 27 | A |
| | Willimantic, Conn. | 14 | A |
| | Winsted, Conn. | 13 | A |
| | Worcester, Mass. | 28 | B |
| | New Bedford, Mass. | 14 | C |
| | New Haven, Conn. | 13 | E |
| Lowell, Mass. | New London, Conn. | 11 | D |
| | North Adams, Mass. | 4 | D |
| | Plymouth, Mass. | 5 | B |
| | Providence, R. I. | 27 | B |
| | Springfield, Mass. | 19 | C |
| | Taunton, Mass. | 14 | B |
| | Waterbury, Conn. | 7 | E |
| | Worcester, Mass. | 25 | A |
| Middletown, Conn. | New Haven, Conn. | 23 | A |
| | New London, Conn. | 8 | A |
| | Norwich, Conn. | 7 | A |
| | Providence, R. I. | 5 | C |
| | Springfield, Mass. | 20 | A |
| | Taunton, Mass. | 4 | C |
| | Torrington, Conn. | 11 | A |
| | Waterbury, Conn. | 12 | A |
| | Willimantic, Conn. | 7 | A |
| | Winsted, Conn. | 7 | A |
| | Worcester, Mass. | 10 | C |
| New Bedford, Mass. | New Haven, Conn. | 7 | E |
| | New London, Conn. | 7 | C |
| | North Adams, Mass. | 4 | E |
| | Norwich, Conn. | 7 | C |
| | Pittsfield, Mass. | 4 | E |
| | Plymouth, Mass. | 3 | A |
| | Providence, R. I. | 28 | A |
| | Springfield, Mass. | 5 | D |
| | Taunton, Mass. | 22 | A |
| | Waterbury, Conn. | 5 | D |
| | Worcester, Mass. | 10 | B |
| New Haven, Conn. | New London, Conn. | 23 | B |
| | North Adams, Mass. | 5 | D |
| | Norwich, Conn. | 16 | B |
| | Pittsfield, Mass. | 4 | C |
| | Providence, R. I. | 25 | D |
| | Putnam, Conn. | 6 | C |
| | Springfield, Mass. | 38 | B |
| | Taunton, Mass. | 8 | D |
| | Torrington, Conn. | 14 | A |
| | Waterbury, Conn. | 21 | A |
| | Willimantic, Conn. | 8 | B |
| | Winsted, Conn. | 13 | A |
| | Worcester, Mass. | 21 | D |

TABLE I.—TOTAL NUMBER OF COMPETING CARRIERS BY ROUTES—Continued.

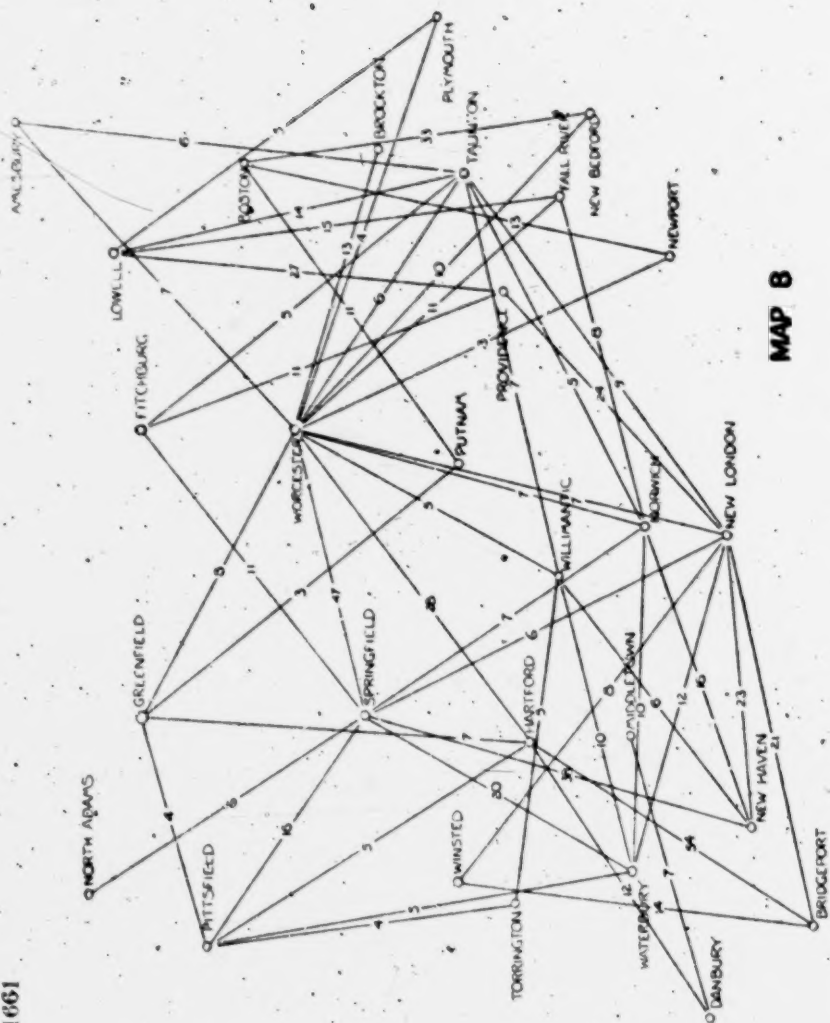
| Between | And | No. carriers | Route shown on map |
|--------------------|-------------------|--------------|--------------------|
| New London, Conn | Newport, R. I. | 4 | C |
| | Norwich, Conn | 23 | A |
| | Pittsfield, Mass | 5 | D |
| | Providence, R. I. | 24 | B |
| | Putnam, Conn | 12 | A |
| | Springfield, Mass | 6 | B |
| | Taunton, Mass | 9 | B |
| | Torrington, Conn | 8 | C |
| | Waterbury, Conn | 12 | B |
| | Willimantic, Conn | 9 | B |
| 1657 Newport, R. I | Winsted, Conn | 8 | A |
| | Worcester, Mass | 7 | B |
| | Providence, R. I. | 10 | A |
| | Springfield, Mass | 3 | D |
| | Taunton, Mass | 6 | A |
| | Worcester, Mass | 3 | B |
| North Adams, Mass | Pittsfield, Mass | 13 | A |
| | Providence, R. I. | 4 | E |
| | Springfield, Mass | 6 | B |
| | Waterbury, Conn | 3 | C |
| Norwich, Conn | Worcester, Mass | 4 | C |
| | Pittsfield, Mass | 5 | D |
| | Providence, R. I. | 19 | A |
| | Putnam, Conn | 11 | A |
| | Springfield, Mass | 7 | B |
| | Taunton, Mass | 5 | B |
| Pittsfield, Mass | Waterbury, Conn | 10 | B |
| | Willimantic, Conn | 8 | A |
| | Worcester, Mass | 7 | B |
| | Providence, R. I. | 6 | D |
| | Springfield, Mass | 16 | B |
| | Taunton, Mass | 2 | E |
| | Torrington, Conn | 4 | B |
| | Waterbury, Conn | 5 | B |
| Plymouth, Mass | Winsted, Conn | 4 | A |
| | Worcester, Mass | 14 | C |
| | Providence, R. I. | 6 | A |
| | Springfield, Mass | 3 | D |
| | Taunton, Mass | 5 | A |
| | Worcester, Mass | 4 | B |
| Providence, R. I. | Putnam, Conn | 14 | A |
| | Springfield, Mass | 13 | C |
| | Taunton, Mass | 24 | A |
| | Torrington, Conn | 6 | D |
| | Waterbury, Conn | 8 | D |
| | Willimantic, Conn | 10 | A |
| | Winsted, Conn | 5 | D |
| | Worcester, Mass | 21 | A |
| | Springfield, Mass | 8 | A |
| | Taunton, Mass | 6 | A |
| Putnam, Conn | Torrington, Conn | 6 | C |
| | Waterbury, Conn | 9 | C |
| | Willimantic, Conn | 10 | C |
| | Winsted, Conn | 5 | C |
| | Worcester, Mass | 10 | C |
| | Taunton, Mass | 4 | C |
| | Torrington, Conn | 9 | A |
| | Waterbury, Conn | 20 | B |
| Springfield, Mass | Willimantic, Conn | 7 | A |
| | Winsted, Conn | 7 | A |
| | Worcester, Mass | 47 | B |
| | Torrington, Conn | 5 | D |
| | Waterbury, Conn | 4 | D |
| | Willimantic, Conn | 7 | B |
| 1658 Taunton, Mass | Winsted, Conn | 5 | D |
| | Worcester, Mass | 6 | B |
| | Waterbury, Conn | 22 | A |
| | Willimantic, Conn | 5 | A |
| | Winsted, Conn | 21 | B |
| Torrington, Conn | Worcester, Mass | 8 | C |
| | Willimantic, Conn | 10 | B |
| | Winsted, Conn | 13 | A |
| | Worcester, Mass | 11 | D |
| Waterbury, Conn | Worcester, Mass | 5 | B |
| Willimantic, Conn | Worcester, Mass | 5 | B |





MAP A

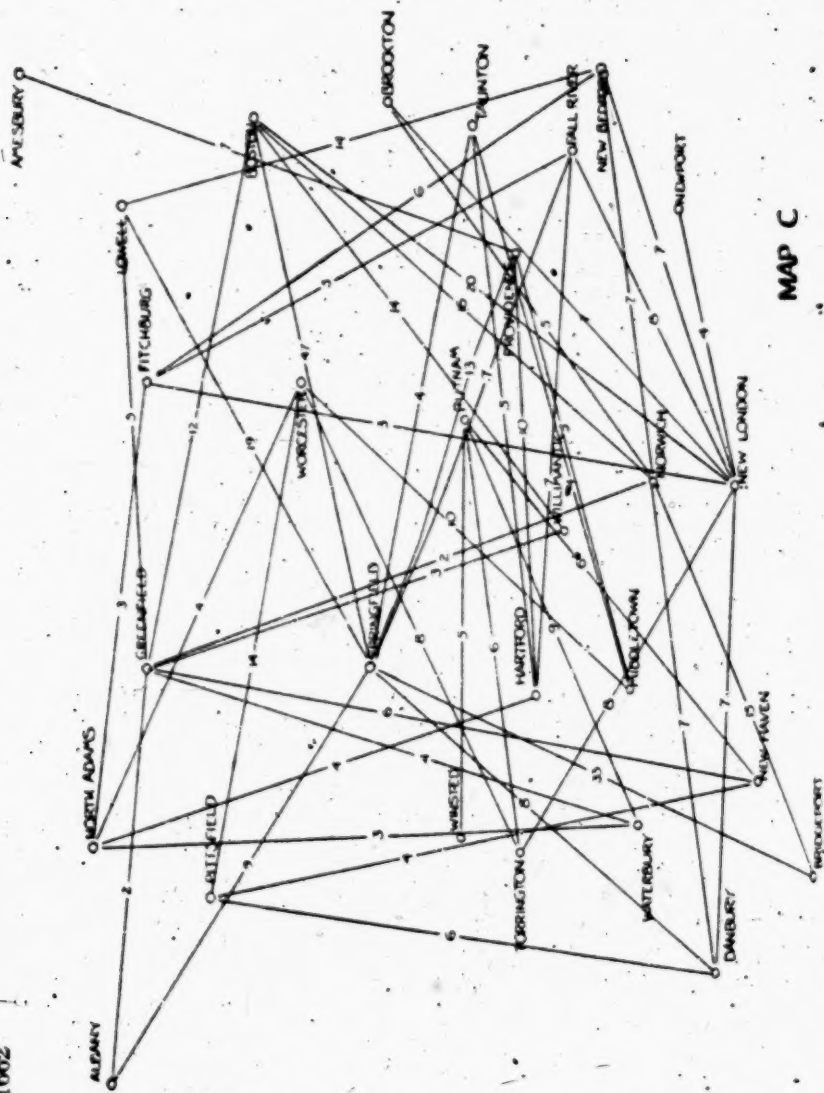
1061



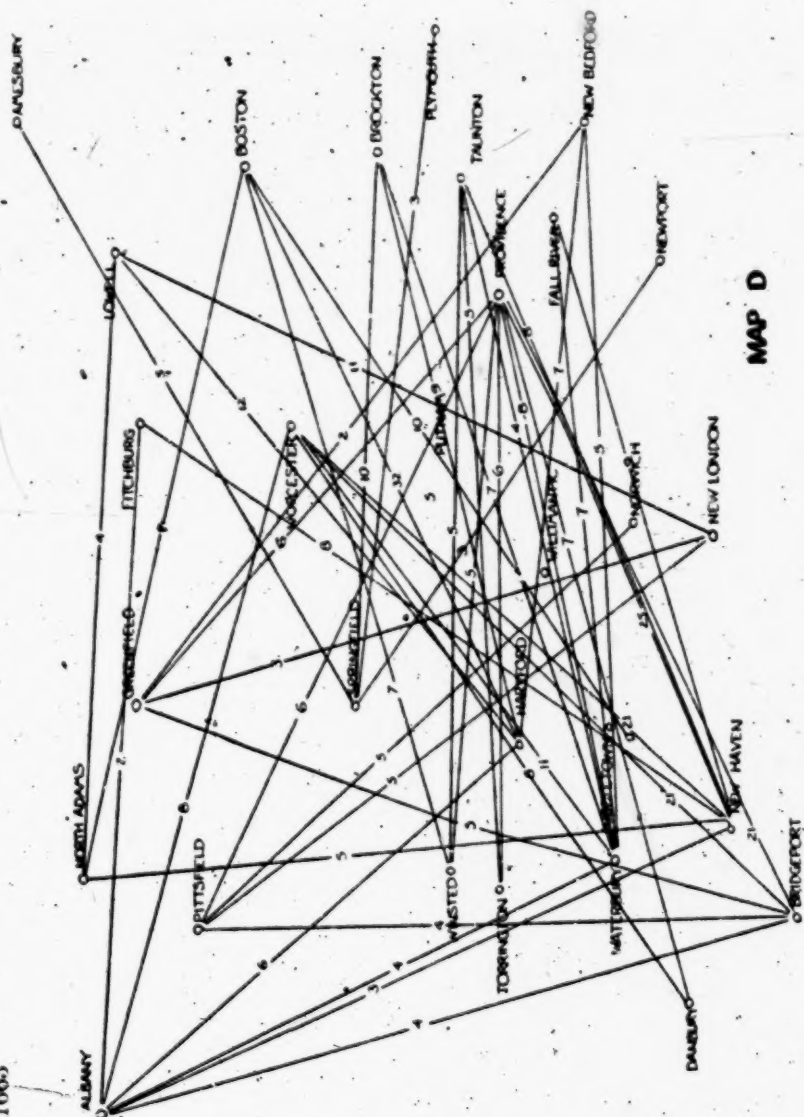
MAP 8

1662

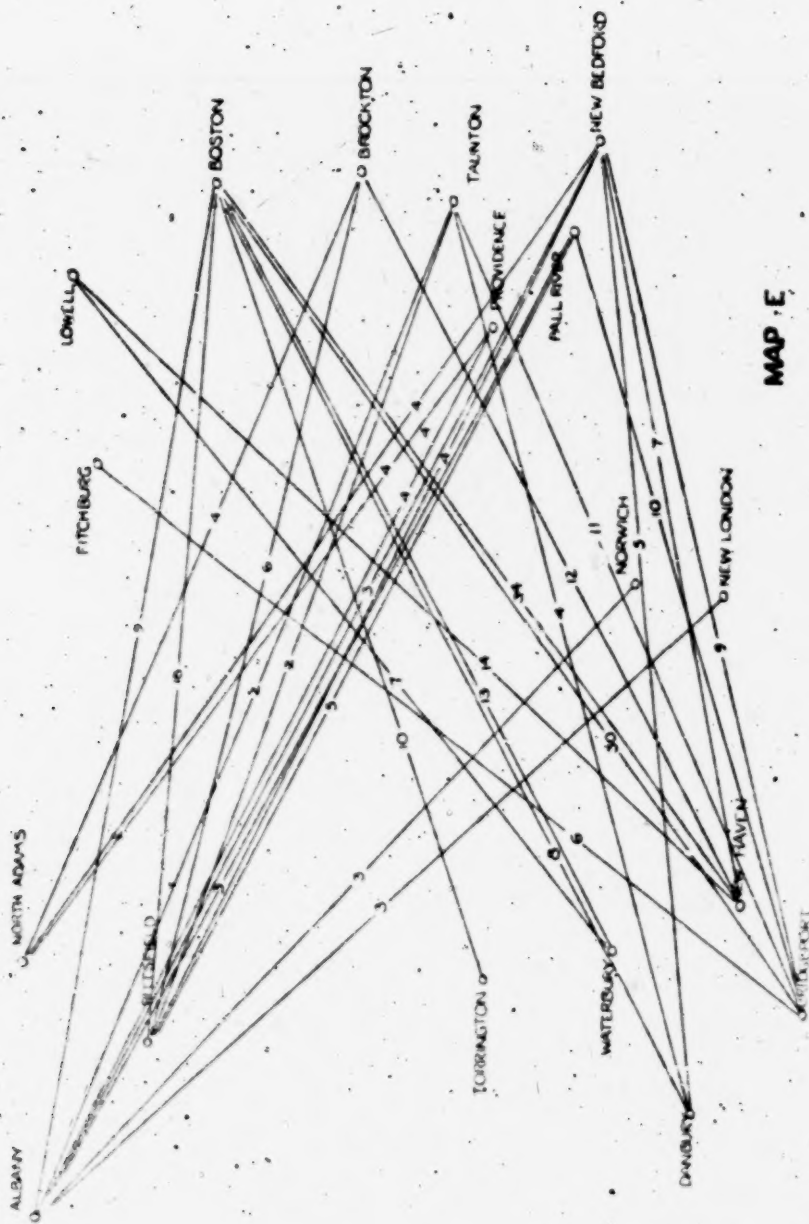
MAP C



1663



1004



MAP E

1665 TABLE II.—ANALYSIS OF COMPETITION BY ROUTES SHOWING INDIVIDUAL CARRIER REFERENCES

| Route | | Code number of carriers serving route |
|-------------------|--------------------|--|
| Between | And | |
| Albany, N. Y. | Boston, Mass. | 41, 93, 250, 395, 1012, 1047, 1058, 1083, 1084. |
| | Bridgeport, Ct. | 1012, 1047, 1058, 1084. |
| | Fall River, Mass. | 1012, 1047, 1084. |
| | Fitchburg, Mass. | 1012, 1047. |
| | Greenfield, Mass. | 1012, 1047. |
| | Hartford, Ct. | 250, 1012, 1047, 1058, 1065, 1084. |
| | New Bedford, Mass. | 1012, 1047, 1084. |
| | New Haven, Ct. | 1012, 1047, 1058. |
| | New London, Ct. | 1012, 1047, 1058. |
| | No. Adams, Mass. | 306, 1012, 1014, 1017, 1047, 1052. |
| | Norwich, Ct. | 1012, 1047, 1058. |
| | Pittsfield, Mass. | 41, 93, 250, 306, 395, 664, 1012, 1014, 1017, 1042, 1047, 1058, 1083, 1084. |
| | Providence, R. I. | 1012, 1047, 1084. |
| | Springfield, Mass. | 41, 93, 250, 395, 1012, 1047, 1058, 1083, 1084. |
| | Taunton, Mass. | 1012, 1047. |
| | Waterbury, Ct. | 254, 1012, 1047, 1065. |
| | Worcester, Mass. | 41, 250, 395, 1012, 1047, 1058, 1083, 1084. |
| | Boston, Mass. | 3, 63, 94, 135, 222, 235, 252, 269, 324, 362, 409, 602, 672, 676, 719, 802, 1012, 1047. |
| Amesbury, Mass. | Lowell, Mass. | 3, 94, 135, 235, 232, 676, 802, 1047, 1081. |
| | Providence, R. I. | 135, 362, 409, 479, 1012, 1047, 1081. |
| | Springfield, Mass. | 135, 409, 1012, 1047, 1081. |
| | Taunton, Mass. | 135, 362, 409, 1012, 1047, 1081. |
| | Worcester, Mass. | 94, 135, 409, 479, 1012, 1047, 1081. |
| Boston, Mass. | Bridgeport, Ct. | 59, 60, 96, 107, 135, 162, 183, 206, 371, 384, 491, 492, 499, 554, 560, 632, 721, 753, 757, 901, 1012, 1015, 1057, 1047, 1051, 1058, 1060, 1063, 1072, 1081. |
| | Brookton, Mass. | 1, 12, 27, 59, 60, 89, 95, 106, 107, 113, 130, 134, 135, 142, 161, 183, 187, 225A, 337, 352, 362, 371, 384, 399, 395, 398, 409, 428, 472, 477, 491, 499, 523, 546, 551, 552, 572, 575, 594, 615, 649, 649, 663, 696, 753, 802, 1012, 1047, 1081. |
| Danbury, Ct. | Fall River, Mass. | 384, 499, 757, 1012, 1047, 1058, 1060, 1081. |
| | | 15, 18, 59, 102, 135, 187, 206, 243, 305, 371, 384, 390, 409, 427, 452A, 491, 499, 546, 552, 571, 577, 584, 611, 613, 649, 702, 721, 753, 757, 1012, 1047, 1081. |
| Fitchburg, Mass. | | 1, 25, 30, 55, 69, 94, 161, 209, 243, 306, 371, 472, 499, 531, 695, 702, 753, 789, 1012, 1047, 1058, 1081. |
| | | 1, 53, 96, 174, 209, 384, 499, 531, 695, 702, 1012, 1047. |
| Greenfield, Mass. | | 1, 59, 60, 96, 135, 162, 183, 206, 264, 371, 384, 398, 409, 491, 492, 499, 560, 632, 654, 753, 757, 788, 901, 1012, 1037, 1047, 1058, 1061, 1063, 1071, 1072, 1081. |
| | | 1, 3, 17, 28, 33, 59, 60, 63, 84, 88, 99, 94, 95, 96, 107, 125, 135, 161, 174, 196, 208, 235, 243, 252, 306, 362, 384, 390, 395, 409, 414, 436, 438, 450, 460, 472, 479, 484, 491, 499, 523, 540, 543, 546, 548, 555, 575, 636, 640, 641, 649, 668, 672, 676, 687, 696, 702, 705, 711, 724, 746, 753, 799, 802, 806, 815, 901, 1012, 1047, 1081. |
| Middletown, Ct. | New Bedford, Mass. | 52, 183, 371, 384, 499, 757, 1012, 1047, 1071, 1081. |
| | | 15, 18, 59, 102, 125, 180, 135, 161, 181, 205, 206, 274, 362, 371, 384, 390, 409, 427, 428, 499, 551, 552, 571, 577, 613, 615, 640, 721, 753, 901, 1012, 1047, 1081. |
| New Haven, Conn. | | 1, 59, 60, 96, 135, 162, 183, 264, 371, 382, 384, 433, 492, 499, 554, 590, 632, 753, 757, 785, 901, 1012, 1037, 1047, 1051, 1058, 1060, 1063, 1071, 1072, 1078, 1081. |
| | | 50, 135, 183, 206, 371, 384, 390, 411, 499, 546, 554, 652, 757, 1001, 1012, 1051, 1058, 1060, 1072, 1081. |
| New London, Conn. | | 15, 102, 187, 305, 371, 427, 546, 577, 584, 611, 798, 1012, 1081. |
| | | 96, 174, 409, 499, 603, 1012, 1047, 1058. |
| Newport, R. I. | No. Adams, Mass. | 59, 206, 243, 300, 411, 433, 499, 554, 757, 901, 1001, 1049, 1060, 1072, 1081, 1012. |
| | Norwich, Conn. | |

TABLE II.—ANALYSIS OF COMPETITION—Continued

| Route | | Code number of carriers serving route |
|------------------|-------------------|--|
| Between | And | |
| Boston, Mass | Pittsfield, Mass | 41, 93, 96, 135, 174, 243, 250, 395, 499, 695, 788, 901, 1012, 1047, 1058, 1081, 1083, 1084. |
| | Plymouth, Mass | 15, 58, 135, 261, 551, 555, 1012, 1081. |
| | Providence, R. I. | 1, 7, 15, 59, 96, 102, 107, 135, 161, 202, 205, 206, 212, 216, 243, 261, 394, 395, 312, 318, 362, 365, 371, 382, 384, 390, 398, 409, 453, 472, 491, 499, 507, 527, 539, 540, 546, 561, 554, 571, 577, 613, 615, 627, 636, 640, 652, 656, 672, 673, 684, 689, 690, 702, 721, 722, 745, 753, 757, 775, 781, 785, 798, 812, 815, 824, 901, 1001, 1012, 1037, 1047, 1051, 1058, 1060, 1071, 1072, 1078. |
| | Putnam, Conn | 93, 384, 390, 411, 499, 652, 654, 776, 1012, 1037, 1047, 1081. |
| | Springfield, Mass | 1, 41, 59, 60, 93, 96, 135, 155, 156, 161, 162, 174, 183, 208, 243, 250, 364, 362, 371, 382, 395, 398, 409, 433, 436, 472, 491, 492, 499, 500, 618, 652, 654, 690, 695, 757, 789, 901, 1012, 1037, 1047, 1058, 1063, 1071, 1081, 1083, 1084. |
| | Taunton, Mass | 59, 69, 102, 130, 134, 135, 187, 206, 210, 243, 352, 362, 371, 384, 390, 409, 427, 428, 472, 491, 540, 546, 551, 552, 571, 577, 613, 615, 640, 721, 757, 815, 1012, 1081. |
| | Torrington, Conn | 59, 206, 654, 757, 1012, 1037, 1047, 1060, 1071, 1081. |
| | Waterbury, Conn | 59, 135, 206, 384, 499, 901, 1012, 1037, 1047, 1058, 1063, 1071, 1081. |
| | Willimantic, Conn | 59, 183, 208, 243, 384, 499, 757, 1012, 1037, 1047, 1058, 1060, 1079, 1081. |
| | Winsted, Conn | 206, 654, 757, 1012, 1047, 1060, 1081. |
| | Worcester, Mass | 1, 12, 41, 59, 60, 94, 135, 155, 156, 190, 161, 174, 183, 208, 231, 243, 248, 250, 364, 290, 352, 362, 371, 382, 384, 390, 398, 436, 472, 491, 492, 499, 504, 519, 540, 555, 560, 564, 600, 618, 640, 654, 684, 690, 695, 702, 721, 732, 753, 757, 776, 788, 809, 901, 1012, 1037, 1047, 1058, 1063, 1071, 1081, 1083, 1084. |
| Bridgeport, Conn | Danbury, Conn | 135, 384, 401, 553, 568, 757, 1005, 1012, 1020, 1021, 1041, 1047, 1056, 1074, 1081. |
| | Fall River, Mass | 135, 206, 371, 499, 555, 757, 1012, 1037, 1047, 1081. |
| | Fitchburg, Mass | 59, 371, 384, 499, 1047, 1081. |
| | Greenfield, Mass | 96, 384, 499, 1012, 1047. |
| | Hartford, Conn | 59, 96, 135, 162, 206, 362, 371, 384, 401, 491, 492, 499, 558, 560, 562, 652, 730, 753, 757, 793, 1002, 1003, 1005, 1007, 1009, 1012, 1016, 1018, 1021, 1022, 1023, 1031, 1034, 1036, 1037, 1040, 1044, 1045, 1046, 1047, 1049, 1051, 1056, 1058, 1062, 1063, 1065, 1066, 1070, 1071, 1072, 1075, 1078, 1081. |
| | New Bedford, Mass | 135, 206, 371, 499, 555, 1012, 1037, 1047, 1081. |
| | New Haven, Conn | 59, 96, 135, 162, 183, 184, 297, 294, 362, 371, 382, 384, 401, 491, 492, 499, 554, 556, 558, 560, 568, 652, 679, 730, 753, 757, 798, 793, 811, 1002, 1003, 1005, 1006, 1007, 1009, 1010, 1011, 1012, 1016, 1020, 1021, 1023, 1029, 1030, 1031, 1034, 1036, 1039, 1040, 1041, 1044, 1045, 1047, 1049, 1051, 1056, 1057, 1058, 1060, 1061, 1062, 1063, 1065, 1067, 1070, 1071, 1072, 1073, 1075, 1081. |
| | New London, Conn | 59, 135, 183, 206, 384, 401, 499, 554, 652, 679, 757, 811, 1012, 1021, 1040, 1049, 1051, 1056, 1058, 1060, 1072, 1081. |
| | Norwich, Conn | 59, 206, 384, 401, 499, 554, 679, 757, 1012, 1021, 1031, 1056, 1060, 1072, 1081. |
| | Pittsfield, Mass | 1012, 1047, 1049, 1081. |
| 1668 | Providence, R. I. | 135, 183, 206, 371, 382, 384, 499, 554, 652, 679, 753, 757, 811, 1012, 1037, 1047, 1051, 1058, 1060, 1072, 1081. |
| | Springfield, Mass | 59, 96, 135, 162, 183, 362, 382, 491, 492, 499, 558, 560, 652, 730, 753, 757, 793, 811, 1000, 1012, 1016, 1022, 1023, 1034, 1037, 1040, 1049, 1056, 1058, 1066, 1071, 1072, 1081. |
| | Taunton, Mass | 135, 183, 206, 371, 491, 555, 757, 1012, 1037, 1047, 1081. |

TABLE II.—ANALYSIS OF COMPETITION—Continued

| Route | | Code number of carriers serving route |
|-------------------|--------------------|--|
| Between | And | |
| Bridgeport, Conn. | Torrington, Conn. | 59, 135, 362, 401, 568, 685, 757, 793, 1005, 1013, 1026, 1037, 1046, 1047, 1056, 1081, 1085, 1081; |
| | Waterbury, Conn. | 59, 96, 362, 384, 401, 568, 685, 730, 793, 1002, 1008, 1006, 1012, 1020, 1023, 1026, 1031, 1036, 1037, 1046, 1047, 1049, 1056, 1058, 1061, 1065, 1072, 1073, 1081. |
| | Winsted, Conn. | 135, 401, 568, 685, 757, 793, 1012, 1026, 1047, 1056, 1058, 1061, 1065, 1081. |
| | Worcester, Mass. | 59, 135, 162, 183, 206, 371, 382, 384, 491, 492, 499, 500, 753, 757, 1012, 1037, 1047, 1058, 1071, 1072, 1081. |
| | | 59, 135, 161, 371, 390, 409, 491, 499, 546, 551, 552, 649, 753, 1012, 1037, 1081. |
| Brookton, Mass. | Fall River, Mass. | 1, 60, 491, 499, 753, 1012, 1037, 1047, 1081. |
| | Hartford, Conn. | 1, 59, 60, 89, 95, 107, 135, 161, 371, 384, 390, 395, 472, 491, 499, 546, 575, 753, 802, 1012, 1081. |
| | Lowell, Mass. | 59, 135, 161, 187, 362, 371, 384, 390, 428, 499, 546, 551, 615, 753, 1012, 1081. |
| | New Bedford, Mass. | 1, 60, 183, 371, 491, 499, 649, 753, 1012, 1037, 1047, 1081. |
| | New Haven, Conn. | 183, 371, 499, 546, 1012, 1037, 1081. |
| | New London, Conn. | 409, 499, 1012, 1047. |
| | No. Adams, Mass. | 499, 499, 757, 1012, 1081. |
| | Norwich, Conn. | 135, 395, 499, 1012, 1047, 1081. |
| | Pittsfield, Mass. | 1, 107, 161, 390, 398, 409, 472, 491, 499, 546, 551, 615, 649, 721, 753, 1012, 1037, 1047, 1081. |
| | Providence, R. I. | 1, 60, 135, 183, 371, 395, 499, 753, 1012, 1081. |
| | Springfield, Mass. | 89, 134, 135, 183, 362, 371, 390, 472, 491, 546, 551, 552, 615, 649, 721, 776, 1012, 1037, 1081. |
| | Taunton, Mass. | 135, 409, 499, 1012, 1037, 1047, 1081. |
| | Waterbury, Conn. | 1, 60, 133, 371, 395, 398, 409, 491, 499, 753, 1012, 1081. |
| Danbury, Conn. | Worcester, Mass. | 384, 499, 757, 1005, 1012, 1023, 1047, 1049, 1050, 1058, 1080, 1081. |
| | Hartford, Conn. | 499, 757, 1012, 1023, 1047, 1049, 1081. |
| | Middletown, Conn. | 499, 757, 1012, 1047, 1081. |
| | New Bedford, Mass. | 384, 401, 757, 1005, 1012, 1021, 1041, 1047, 1080, 1081. |
| | New Haven, Conn. | 384, 401, 757, 1012, 1021, 1049, 1081. |
| | New London, Conn. | 384, 499, 757, 1012, 1021, 1049, 1081. |
| | Norwich, Conn. | 664, 1012, 1028, 1047, 1049, 1081. |
| | Pittsfield, Mass. | 384, 499, 757, 1012, 1047, 1090, 1081. |
| | Providence, R. I. | 384, 499, 757, 1012, 1023, 1047, 1081. |
| | Springfield, Mass. | 757, 1012, 1047, 1081. |
| | Taunton, Mass. | 664, 1012, 1020, 1047, 1049, 1081. |
| | Torrington, Conn. | 384, 664, 1012, 1023, 1037, 1047, 1049, 1058, 1081. |
| | Waterbury, Conn. | 664, 1012, 1026, 1047, 1049, 1081. |
| Fall River, Mass. | Winsted, Conn. | 384, 499, 572, 757, 1012, 1047, 1060, 1081. |
| | Worcester, Mass. | 59, 243, 499, 753, 1012, 1081. |
| | Fitchburg, Mass. | 59, 135, 243, 384, 390, 409, 442, 491, 499, 555, 649, 753, 1012, 1047, 1081. |
| | Hartford, Conn. | 15, 18, 59, 102, 122, 131, 135, 205, 206, 331, 338, 362, 390, 409, 427, 442, 499, 546, 555, 577, 721, 753, 1012, 1037, 1047, 1072, 1081. |
| | Lowell, Mass. | 130, 135, 371, 491, 499, 757, 1012, 1047, 1081. |
| | New Bedford, Mass. | 135, 206, 371, 390, 499, 757, 1012, 1081. |
| | New Haven, Conn. | 15, 102, 125, 131, 305, 371, 546, 577, 584, 611, 1012, 1081. |
| | New London, Conn. | 409, 499, 1012, 1047. |
| | No. Adams, Mass. | 205, 390, 499, 639, 757, 901, 1012, 1081. |
| | Norwich, Conn. | 135, 499, 1012, 1047, 1081. |
| | Pittsfield, Mass. | 16, 102, 122, 131, 187, 205, 206, 305, 331, 338, 362, 390, 427, 428, 442, 491, 499, 546, 571, 613, 615, 639, 641, 649, 753, 757, 1012, 1037, 1047, 1081. |
| | Providence, R. I. | 135, 205, 499, 757, 1012, 1047, 1081. |
| | Springfield, Mass. | 59, 102, 135, 206, 243, 371, 390, 409, 491, 546, 552, 555, 577, 613, 639, 640, 649, 721, 1012, 1081. |
| | Taunton, Mass. | 206, 499, 901, 1012, 1037, 1047, 1081. |
| | Waterbury, Conn. | 135, 206, 362, 442, 491, 499, 546, 639, 753, 1012, 1081. |
| | Worcester, Mass. | |

TABLE II.—ANALYSIS OF COMPETITION—Continued

| Route | | Code number of carriers serving route |
|-----------------------|--------------------|--|
| Between | And | |
| 1671 Fitchburg, Mass. | Greenfield, Mass. | 1, 120, 135, 209, 362, 384, 499, 531, 695, 702, 1012 |
| | Lowell, Mass. | 1, 59, 94, 362, 499, 702, 753, 1047, 1081. |
| | New Bedford, Mass. | 59, 161, 499, 753, 1012, 1081. |
| | New Haven, Conn. | 1, 59, 254, 384, 499, 1012, 1047, 1081. |
| | New London, Conn. | 135, 362, 1012, 1081. |
| | No. Adams, Mass. | 499, 695, 1012. |
| | Providence, R. I. | 1, 83, 155, 161, 472, 499, 702, 753, 1012, 1047, 1081. |
| | Springfield, Mass. | 1, 59, 83, 155, 161, 371, 384, 695, 1012, 1047, 1081. |
| | Taunton, Mass. | 59, 243, 472, 1012, 1081. |
| | Worcester, Mass. | 1, 4, 59, 83, 120, 135, 155, 161, 306, 371, 384, 531, 695, 702, 753, 789, 1012, 1047, 1058, 1081. |
| | | 1, 96, 135, 306, 384, 1012, 1026. |
| | | 1, 174, 499, 702, 1012. |
| | | 499, 1012. |
| | | 1, 96, 135, 384, 499, 1012. |
| | | 96, 499, 1012. |
| | | 174, 499, 695, 1012. |
| Greenfield, Mass. | Hartford, Conn. | 96, 1012. |
| | Lowell, Mass. | 1, 96, 135, 384, 499, 1012. |
| | New Bedford, Mass. | 96, 499, 1012. |
| | New Haven, Conn. | 174, 499, 695, 1012. |
| | New London, Conn. | 96, 1012. |
| | No. Adams, Mass. | 499, 695, 1012, 1047. |
| | Norwich, Conn. | 96, 1012. |
| | Pittsfield, Mass. | 96, 155, 384, 499, 702, 1012. |
| | Providence, R. I. | 96, 384, 1012. |
| | Putnam, Conn. | 1, 96, 135, 139, 174, 306, 362, 384, 1012, 1026. |
| | Springfield, Mass. | 96, 384, 499, 1012. |
| | Waterbury, Conn. | 96, 499, 1012. |
| | Willimantic, Conn. | 1, 120, 155, 174, 380, 384, 1012, 1047. |
| | Worcester, Mass. | 1, 59, 135, 206, 371, 384, 491, 499, 639, 753, 1047, 1081. |
| | Lowell, Mass. | 59, 96, 135, 184, 362, 384, 401, 499, 730, 757, 1005, 1007, 1012, 1016, 1018, 1023, 1032, 1034, 1046, 1047, 1056, 1060, 1061, 1062, 1065, 1071, 1081. |
| Hartford, Conn. | Middletown, Conn. | 206, 499, 901, 1012, 1037, 1072, 1081. |
| | New Bedford, Mass. | 1, 59, 96, 162, 184, 264, 362, 371, 401, 492, 491, 499, 558, 560, 730, 753, 757, 793, 901, 1002, 1003, 1007, 1009, 1012, 1016, 1021, 1023, 1025, 1031, 1034, 1036, 1040, 1044, 1045, 1056, 1058, 1062, 1063, 1071, 1072, 1075, 1078, 1081. |
| | New Haven, Conn. | 184, 206, 1012, 1032, 1054, 1060, 1081. |
| | New London, Conn. | 499, 1012, 1047, 1049. |
| | No. Adams, Mass. | 184, 206, 1012, 1031, 1032, 1081. |
| | Norwich, Conn. | 499, 788, 1012, 1049, 1081. |
| | Pittsfield, Mass. | 206, 398, 499, 757, 1042, 1037, 1047, 1060, 1078, 1081. |
| | Providence, R. I. | 184, 206, 499, 654, 1012, 1032, 1037, 1047, 1056, 1081. |
| | Putnam, Conn. | 1, 59, 96, 135, 162, 184, 264, 306, 362, 409, 491, 492, 499, 558, 560, 636, 652, 654, 739, 753, 757, 788, 793, 1009, 1012, 1016, 1021, 1023, 1026, 1034, 1036, 1037, 1040, 1047, 1049, 1051, 1056, 1058, 1061, 1063, 1066, 1071, 1072, 1081. |
| | Springfield, Mass. | 757, 1012, 1037, 1047, 1081. |
| | Taunton, Mass. | 59, 206, 654, 757, 793, 1012, 1026, 1035, 1046, 1054, 1060, 1065, 1071, 1081. |
| | Torrington, Conn. | 59, 96, 135, 184, 206, 384, 499, 793, 901, 1002, 1009, 1012, 1017, 1023, 1026, 1032, 1036, 1037, 1046, 1047, 1049, 1050, 1058, 1060, 1071, 1072, 1081. |
| | Waterbury, Conn. | 59, 206, 499, 757, 1012, 1031, 1032, 1037, 1047, 1056, 1058, 1060, 1072, 1081. |
| | Willimantic, Conn. | 206, 654, 757, 793, 1012, 1026, 1035, 1054, 1058, 1060, 1065, 1080, 1081. |
| | Winsted, Conn. | 1, 59, 135, 162, 206, 264, 371, 384, 409, 491, 492, 499, 560, 636, 654, 730, 753, 757, 788, 1012, 1037, 1047, 1058, 1063, 1071, 1072, 1082. |
| | Worcester, Mass. | 59, 125, 135, 161, 371, 384, 390, 409, 442, 490, 555, 640, 753, 1012, 1081. |
| 1673 Lowell, Mass. | New Bedford, Mass. | 1, 59, 60, 135, 371, 384, 491, 499, 753, 811, 901, 1012, 1047, 1081. |
| | New Haven, Conn. | 59, 135, 206, 371, 384, 390, 499, 546, 811, 1012, 1081. |
| | New London, Conn. | 174, 499, 499, 1012. |
| | N. Adams, Mass. | 59, 135, 174, 558, 1081. |
| | Plymouth, Mass. | |

TABLE II.—ANALYSIS OF COMPETITION—Continued

| Route | | Code number of carriers serving route |
|-------------------------|--------------------|---|
| Between | And | |
| 1673 Lowell, Mass. | Providence, R. I. | 1, 59, 107, 125, 135, 161, 243, 371, 384, 390, 409, 442, 472, 491, 499, 540, 546, 636, 640, 811, 815, 901, 1012, 1081. |
| | Springfield, Mass. | 1, 60, 135, 161, 174, 371, 384, 390, 395, 436, 472, 491, 499, 626, 695, 753, 1012, 1047, 1081. |
| | Taunton, Mass. | 59, 89, 135, 243, 371, 384, 409, 472, 491, 540, 555, 640, 1012, 1081. |
| | Waterbury, Conn. | 135, 206, 384, 499, 1012, 1047, 1081. |
| | Worcester, Mass. | 1, 94, 135, 161, 174, 188, 206, 371, 384, 390, 395, 436, 442, 472, 491, 499, 636, 695, 702, 733, 1012, 1047, 1081. |
| | | |
| Middletown, Ct. | New Haven, Conn. | 44, 59, 96, 135, 184, 362, 371, 401, 499, 730, 757, 1095, 1007, 1012, 1016, 1023, 1024, 1030, 1034, 1048, 1056, 1062, 1081. |
| | New London, Conn. | 184, 499, 757, 1012, 1032, 1036, 1049, 1081. |
| | Norwich, Conn. | 184, 499, 1012, 1032, 1036, 1049, 1081. |
| | Providence, R. I. | 183, 499, 757, 1012, 1081. |
| | Springfield, Mass. | 59, 96, 135, 184, 362, 371, 384, 499, 730, 757, 1012, 1016, 1023, 1034, 1036, 1047, 1056, 1060, 1071, 1081. |
| | Taunton, Mass. | 183, 757, 1012, 1081. |
| | Torrington, Conn. | 59, 757, 1005, 1012, 1046, 1047, 1060, 1065, 1070, 1071, 1081. |
| | Waterbury, Conn. | 59, 184, 499, 730, 1005, 1012, 1032, 1036, 1046, 1049, 1071, 1081. |
| | Willimantic, Conn. | 59, 499, 1012, 1031, 1032, 1056, 1081. |
| | Winsted, Conn. | 757, 1012, 1047, 1060, 1065, 1070, 1081. |
| | Worcester, Mass. | 59, 135, 371, 384, 499, 757, 1012, 1047, 1071, 1081. |
| | New Haven, Conn. | 125, 135, 371, 499, 901, 1012, 1081. |
| | | |
| | New London, Conn. | 135, 206, 371, 390, 499, 1012, 1081. |
| | No. Adams, Mass. | 131, 406, 499, 1012. |
| | Norwich, Conn. | 206, 390, 499, 639, 901, 1012, 1081. |
| 1674 New Bedford, Mass. | Pittsfield, Mass. | 135, 499, 1012, 1081. |
| | Plymouth, Mass. | 281, 551, 1081. |
| | Providence, R. I. | 16, 102, 122, 131, 161, 187, 205, 206, 331, 338, 362, 390, 409, 427, 428, 442, 499, 546, 571, 613, 615, 639, 649, 753, 901, 1012, 1037, 1081. |
| | Springfield, Mass. | 135, 206, 499, 1012, 1081. |
| | Taunton, Mass. | 102, 135, 187, 206, 371, 384, 390, 406, 428, 551, 552, 555, 577, 613, 615, 639, 640, 649, 741, 1012, 1037, 1081. |
| | Waterbury, Conn. | 206, 499, 901, 1012, 1081. |
| | Worcester, Mass. | 135, 206, 362, 442, 499, 546, 639, 753, 1012, 1081. |
| | New Haven, Conn. | 59, 135, 183, 184, 362, 384, 401, 499, 554, 652, 679, 698, 757, 811, 1012, 1036, 1037, 1049, 1051, 1056, 1058, 1060, 1081. |
| | | |
| | No. Adams, Mass. | 499, 1012, 1047, 1049, 1058. |
| | Norwich, Conn. | 59, 184, 384, 401, 433, 499, 554, 679, 698, 901, 1012, 1031, 1049, 1056, 1060, 1081. |
| | Pittsfield, Mass. | 499, 1012, 1049, 1081. |
| | Providence, R. I. | 1, 59, 183, 264, 371, 382, 384, 491, 499, 554, 652, 679, 753, 757, 785, 811, 901, 1012, 1037, 1047, 1051, 1058, 1060, 1078, 1081. |
| | Putnam, Conn. | 284, 499, 1012, 1037, 1047, 1081. |
| | Springfield, Mass. | 1, 59, 96, 135, 162, 183, 184, 204, 362, 371, 382, 433, 491, 492, 499, 558, 560, 652, 730, 753, 757, 793, 1000, 1012, 1016, 1021, 1023, 1034, 1036, 1037, 1040, 1047, 1049, 1056, 1058, 1063, 1072, 1081. |
| New Haven, Conn. | Taunton, Mass. | 135, 183, 371, 491, 757, 1012, 1037, 1081. |
| | Torrington, Conn. | 59, 184, 401, 757, 793, 1012, 1021, 1027, 1031, 1037, 1046, 1070, 1071, 1081. |
| | Waterbury, Conn. | 59, 135, 184, 401, 499, 730, 793, 1002, 1009, 1012, 1021, 1023, 1024, 1027, 1037, 1043, 1049, 1060, 1071, 1072, 1081. |
| | Willimantic, Conn. | 59, 184, 679, 757, 1012, 1031, 1056, 1081. |
| | Winsted, Conn. | 184, 206, 401, 757, 793, 1012, 1021, 1027, 1025, 1047, 1065, 1070, 1081. |
| | Worcester, Mass. | 1, 59, 135, 162, 183, 204, 371, 382, 384, 491, 492, 499, 560, 753, 757, 901, 1012, 1058, 1063, 1072, 1081. |
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TABLE II.—ANALYSIS OF COMPETITION—Continued

| Route | | Code number of carriers serving route |
|---------------------|--------------------|---|
| Between | And | |
| New London, Ct | Newport, R. I. | 371, 546, 1012, 1081. |
| | Norwich, Conn. | 59, 82, 184, 206, 362, 384, 390, 401, 411, 499, 554, 639, 679, 698, 1001, 1012, 1021, 1036, 1049, 1055, 1060, 1067, 1081. |
| | Pittsfield, Mass. | 29, 499, 1012, 1049, 1081. |
| | Providence, R. I. | 29, 59, 82, 183, 206, 362, 371, 383, 384, 390, 499, 546, 554, 652, 679, 757, 811, 1001, 1012, 1051, 1058, 1060, 1067, 1081. |
| | Putnam, Conn. | 96, 184, 206, 384, 390, 411, 499, 639, 1012, 1055, 1056, 1081. |
| | Springfield, Mass. | 96, 135, 184, 1012, 1055, 1081. |
| | Taunton, Mass. | 135, 183, 371, 390, 546, 639, 757, 1012, 1081. |
| | Torrington, Conn. | 184, 206, 401, 757, 1012, 1021, 1054, 1081. |
| | Waterbury, Conn. | 59, 135, 184, 206, 401, 499, 1012, 1021, 1032, 1036, 1049, 1081. |
| | Willimantic, Conn. | 96, 135, 184, 384, 499, 679, 1012, 1056, 1081. |
| | Winsted, Conn. | 184, 206, 401, 757, 1012, 1021, 1054, 1081. |
| | Worcester, Mass. | 135, 206, 384, 390, 639, 1012, 1081. |
| Newport, R. I. | Providence, R. I. | 102, 131, 305, 371, 546, 577, 798, 1012, 1058, 1081. |
| | Springfield, Mass. | 1012, 1058, 1081. |
| | Taunton, Mass. | 102, 371, 546, 577, 1012, 1081. |
| | Worcester, Mass. | 546, 1012, 1081. |
| | Pittsfield, Mass. | 96, 174, 306, 499, 1012, 1013, 1014, 1028, 1033, 1047, 1049, 1052, 1064. |
| No. Adams, Mass. | Providence, R. I. | 96, 479, 499, 1012. |
| | Waterbury, Conn. | 499, 1012, 1049. |
| | Worcester, Mass. | 499, 1012, 1047, 1058. |
| | Springfield, Mass. | 96, 174, 499, 1012, 1047, 1064. |
| | Pittsfield, Mass. | 135, 499, 1012, 1049, 1081. |
| 1676 Norwich, Conn. | Providence, R. I. | 29, 59, 82, 206, 243, 362, 384, 390, 499, 554, 639, 679, 901, 1001, 1012, 1060, 1067, 1077, 1081. |
| | Putnam, Conn. | 135, 206, 384, 390, 411, 499, 639, 1012, 1055, 1066, 1081. |
| | Springfield, Mass. | 96, 184, 433, 499, 1012, 1036, 1081. |
| | Taunton, Mass. | 243, 390, 639, 1012, 1081. |
| | Waterbury, Conn. | 59, 135, 206, 401, 499, 1012, 1032, 1036, 1049, 1081. |
| Pittsfield, Mass. | Willimantic, Conn. | 96, 135, 243, 384, 499, 1012, 1056, 1081. |
| | Worcester, Mass. | 135, 206, 384, 390, 639, 1012, 1081. |
| | Providence, R. I. | 96, 135, 499, 1012, 1058, 1081. |
| | Springfield, Mass. | 41, 93, 96, 174, 250, 395, 499, 695, 788, 1012, 1047, 1058, 1064, 1081, 1083, 1084. |
| | Taunton, Mass. | 135, 1012, 1081. |
| Plymouth, Mass. | Torrington, Conn. | 664, 1012, 1049, 1081. |
| | Waterbury, Conn. | 499, 664, 1012, 1049, 1081. |
| | Winsted, Conn. | 664, 1012, 1049, 1081. |
| | Worcester, Mass. | 41, 243, 250, 499, 695, 788, 901, 1012, 1047, 1058, 1081, 1083, 1084. |
| | Providence, R. I. | 16, 281, 551, 649, 1012, 1081. |
| Providence, R. I. | Springfield, Mass. | 135, 1012, 1081. |
| | Taunton, Mass. | 281, 551, 649, 1012, 1081. |
| | Worcester, Mass. | 135, 558, 1012, 1081. |
| | Putnam, Conn. | 206, 264, 362, 390, 405, 499, 639, 1004, 1012, 1037, 1047, 1059, 1077, 1081. |
| | Springfield, Mass. | 83, 96, 135, 155, 206, 382, 384, 499, 757, 1004, 1012, 1047, 1081. |
| 1677 | Taunton, Mass. | 135, 183, 206, 243, 281, 362, 390, 472, 491, 540, 546, 551, 571, 578, 600, 613, 615, 639, 649, 721, 815, 1012, 1037, 1081. |
| | Torrington, Conn. | 135, 206, 757, 1012, 1060, 1081. |
| | Waterbury, Conn. | 135, 206, 499, 901, 1012, 1058, 1060, 1081. |
| | Willimantic, Conn. | 206, 243, 499, 679, 757, 1012, 1047, 1058, 1060, 1081. |
| | Winsted, Conn. | 206, 757, 1012, 1060, 1081. |
| Putnam, Conn. | Worcester, Mass. | 1, 83, 135, 155, 206, 264, 362, 382, 384, 427, 442, 499, 627, 639, 684, 702, 745, 753, 1004, 1012, 1081. |
| | Springfield, Mass. | 96, 384, 499, 654, 1004, 1012, 1047, 1081. |
| | Taunton, Mass. | 380, 639, 1012, 1037, 1049, 1081. |
| | Torrington, Conn. | 206, 384, 1009, 1012, 1032, 1037, 1047, 1081. |

TABLE II.—ANALYSIS OF COMPETITION—Continued

| Route | | Code number of carriers serving route |
|--------------------|--|--|
| Between | And | |
| Putnam, Conn. | Waterbury, Conn. Willimantic, Conn. | 206, 384, 499, 1009, 1012, 1032, 1037, 1047, 1081, 135, 206, 394, 499, 1012, 1032, 1037, 1047, 1056, 1081. |
| | Winsted, Conn. | 206, 654, 1012, 1047, 1081. |
| | Worcester, Mass. | 206, 264, 384, 499, 639, 654, 778, 1004, 1012, 1081. |
| Springfield, Mass. | Taunton, Mass. | 135, 757, 1012, 1081. |
| | Torrington, Conn. | 59, 135, 654, 757, 793, 1012, 1060, 1071, 1081. |
| | Waterbury, Conn. | 59, 96, 135, 184, 384, 499, 730, 793, 901, 1012, 1023, 1030, 1047, 1049, 1058, 1060, 1071, 1072, 1081. |
| | Willimantic, Conn. | 59, 96, 499, 757, 1012, 1038, 1081. |
| | Winsted, Conn. | 654, 655, 757, 793, 1012, 1060, 1081. |
| | Worcester, Mass. | 1, 41, 59, 60, 83, 125, 155, 156, 161, 162, 174, 183, 206, 243, 250, 362, 371, 382, 384, 395, 396, 436, 472, 491, 492, 499, 560, 618, 636, 654, 690, 695, 753, 757, 788, 1004, 1012, 1037, 1047, 1053, 1038, 1063, 1071, 1072, 1081, 1083, 1084. |
| Taunton, Mass. | Torrington, Conn. | 206, 757, 1012, 1047, 1081. |
| | Waterbury, Conn. | 206, 1012, 1047, 1081. |
| | Willimantic, Conn. | 206, 263, 757, 1012, 1037, 1047, 1081. |
| | Winsted, Conn. | 206, 757, 1012, 1047, 1081. |
| | Worcester, Mass. | 135, 362, 540, 639, 1012, 1081. |
| Torrington, Conn. | Waterbury, Conn. | 59, 206, 362, 401, 664, 685, 1005, 1012, 1021, 1027, 1037, 1049, 1047, 1049, 1056, 1058, 1060, 1061, 1065, 1071, 1080, 1081. |
| | Willimantic, Conn. | 59, 206, 1012, 1037, 1081. |
| 1678 | Winsted, Conn. | 135, 184, 206, 401, 654, 664, 685, 1012, 1021, 1028, 1027, 1035, 1047, 1049, 1054, 1056, 1058, 1061, 1065, 1080, 1081. |
| | Worcester, Mass. | 59, 136, 206, 654, 757, 1012, 1071, 1081. |
| Waterbury, Conn. | Willimantic, Conn. | 59, 184, 206, 499, 1012, 1031, 1032, 1081. |
| | Winsted, Conn. | 184, 206, 654, 685, 1012, 1021, 1027, 1047, 1049, 1058, 1060, 1061, 1065, 1080, 1081. |
| | Worcester, Mass. | 59, 135, 206, 384, 499, 1212, 1037, 1047, 1071, 1072, 1081. |
| Willimantic, Conn. | Worcester, Mass. | 59, 206, 384, 1012, 1081. |

1679

Exhibit 7

PATERSON, NEW JERSEY.

April 7, 1941.

THE TRANSPORT COMPANY,

New York, N. Y.

DEAR SIRS: Referring to the Agreement, dated September 23, 1940 (hereinafter called the Agreement) between The Transport Company (hereinafter called the Company) and John E. Ackerman, James J. Buckley, Jr., George F. Whitehead, John Hamilton, Frank J. Davies, and Teresa G. Ackerman, Trustees, Ruth G. Woodruff, Edward G. Woodruff, and Harold E. Woodruff (hereinafter called the Stockholders) in regard to certain stock of Arrow Carrier Corporation (hereinafter called Arrow), we hereby confirm our understanding as follows:

1. The Company will pay such of the Stockholders as are owners of Preferred Stock of Arrow, as shown on Schedule A hereto, on

April 9, 1941, an aggregate sum of \$107,000, against delivery to the Company of certificates duly endorsed in blank or accompanied by assignments in blank, duly executed, and with transfer stamps attached, for 1,070 shares of the Preferred Stock of Arrow. Such Co., 52 William Street, New York City. The dividend paid on said Preferred Stock on July 10, 1941 (being for the six 1680 months' period ended June 30, 1941), shall be apportioned so that the Stockholders shall receive $9\frac{1}{180}$ of said dividend, and the Company shall receive $81\frac{1}{180}$ thereof.

2. The unpaid balance of the purchase price of the stock of Arrow referred to in the Agreement is \$900,000. There shall be no adjustment of said purchase price because of any increase or decrease in the net worth of Arrow between February 28, 1940, and the date of payment of the balance of said purchase price.

3. The date for the payment of the balance of said purchase price shall be December 18, 1941, but the Company may pay said balance at any time.

4. Pending the payment of the balance of said purchase price the undersigned may retain possession of the certificates for Common Stock of Arrow owned by them, respectively, and need not leave said stock deposited in escrow. John E. Ackerman is released from any obligation to hold said stock as trustee or in escrow or otherwise. It is understood and agreed that prior to December 18, 1941, or the earlier payment of the balance of said purchase price, none of the Stockholders will take any action which prevent him or her from delivering such certificates to the Company upon payment of the balance of said purchase 1681 price; provided, however, that any of said stock may be pledged on such terms that it can be released at any time upon payment to the pledge of an amount not exceeding the part of such balance payable to the pledgor.

5. The title of the Company to the Preferred Stock of Arrow delivered pursuant hereto shall not be affected by any failure of the Company to pay the balance of said purchase price. In the event that the balance of such purchase price is not paid on or before December 18, 1941, the transactions existing between the parties (except in respect of said Preferred Stock) shall be considered at an end, and the sum of \$100,000 heretofore paid on account of said purchase price shall be dealt with as provided in the Agreement.

Except as aforesaid the Agreement as modified by letter from the Stockholders to the Company, dated March 7, 1941, remains in full force and effect.

If the foregoing is in accordance with your understanding, please confirm it by signing and returning the enclosed duplicate of this letter.

Yours very truly,

Confirmed:

delivery and payment shall be made at the office of Kuhn, Loeb & THE TRANSPORT COMPANY.

By _____, President.

1682

SCHEDULE A

| Names of Stockholders: | Amounts to be paid |
|---------------------------|--------------------|
| John E. Ackerman..... | \$40,000 |
| James J. Buckley, Jr..... | 40,000 |
| George F. Whitehead..... | 17,000 |
| John Hamilton..... | 10,000 |

Certified to be a true copy of the original document.

J. S. ARNOLD.

J. S. Arnold.

1683

Exhibit 8

This Agreement by and between The Transport Company, a Delaware Corporation (hereinafter referred to as the Purchaser) and the following persons (hereinafter referred to as the Sellers): John E. Ackerman, James J. Buckley, Jr., George F. Whitehead, John Hamilton, Frank J. Davies, and Teresa G. Ackerman, Trustees, Ruth G. Woodruff, Edward G. Woodruff, and Harold E. Woodruff. Witnesseth:

The Sellers have heretofore, on May 2, 1940, by agreement executed on that date between the parties to this contract, given to the Purchaser an option to purchase certain of the issued and outstanding capital stock of The Arrow Carrier Corporation of Paterson, New Jersey, upon terms and conditions which are specifically set forth in said agreement.

The Purchaser has indicated its intention of exercising its right of purchase of the said stock under said agreement upon the same terms and conditions as are therein set forth, except that upon the transfer of title to the said stock by this contract, there shall be paid to John E. Ackerman as trustee, for the Sellers, the sum of one hundred thousand dollars (\$100,000) on account of the said purchase price, the balance to be paid as provided in the agreement of May 2, 1940, within one hundred sixty-five (165) days of the date of this agreement, or earlier as hereafter provided. The Purchaser shall have the privilege of

paying said balance at any time prior to the expiration of said one hundred sixty-five (165) days.

1684 Now, therefore, in consideration of the premises and for the said consideration, of which one hundred thousand dollars (\$100,000) is being presently paid, and the other terms and conditions of the aforementioned agreement existing between the parties under date of May 2, 1940, the undersigned Sellers do hereby transfer, sell, and assign unto the Purchaser, its successors and assigns, their respective shares of stock of The Arrow Carrier Corporation, as specifically described in the aforementioned agreement. And the Purchaser does herewith pay to the Sellers the said sum of one hundred thousand dollars (\$100,000), and agrees further to pay the balance of the purchase price, as set forth in the aforementioned original agreement between the parties, within one hundred sixty-five (165) days of the date of this agreement, provided, however, that if the purchases provided for in agreements (similar to the agreement between the Sellers herein and the Purchaser dated May 2, 1940) between The Transport Company and stockholders of corporations other than Arrow Carrier Corporation are actually closed prior to one hundred sixty-five (165) days from the date hereof, then the purchase of stock provided for in this agreement shall be closed along with such other purchases.

It is agreed by the parties hereto that the said sum of one hundred thousand dollars (\$100,000), together with the balance of the purchase price when due, shall be paid to John E. Ackerman as trustee (who will act as trustee without compensation) for the purpose of distributing the same in the proportion and among those entitled thereto. John E. Ackerman agrees to deposit said one hundred thousand dollars (\$100,000) in a separate bank account under the name "John E. Ackerman, Special" or "John E. Ackerman as trustee."

1685 It is also understood and agreed that the said John E. Ackerman is likewise designated by the parties hereto to act as trustee for the purpose of holding the said shares of stock here sold until the full purchase price is paid, at which time the said shares shall be turned over to the Purchaser by him properly endorsed and ready for transfer as required by the agreement of May 2, 1940.

The Sellers hereby expressly authorize payment of the said one hundred thousand dollars (\$100,000) and of the balance of said purchase price to John E. Ackerman as trustee, it being understood and agreed that payment by the Purchaser hereunder to John E. Ackerman as trustee shall for all purposes be, and be

deemed, payment to said Sellers of the respective amounts payable to each of them.

It is further understood and agreed that no part of the consideration of one hundred thousand dollars (\$100,000) being presently paid shall be distributed by the said John E. Ackerman among any of those entitled thereto until their said shares of stock have been properly endorsed and delivered by them ready for transfer as required by the agreement of May 2, 1940, to the said John E. Ackerman.

In the event that the balance of the purchase price remaining unpaid is not paid by the Purchaser at the time fixed herein, then and in that event the said shares of stock held by the said John E. Ackerman shall be returned to the owners thereof and the transactions existing between the parties hereto shall be considered at an end, the said sum of one hundred thousand dollars (\$100,000) being retained by the Sellers collectively as liquidated damages for breach of this agreement.

1686 It is further understood and agreed between the parties that all the terms and conditions of the aforementioned contract existing between these parties, under date of May 2, 1940, shall remain in full force and effect, except insofar as modified by this agreement, and the Sellers represent that they have in all respects fulfilled their obligations to date as provided in said agreement of May 2, 1940.

In Witness Whereof, the parties have interchangeably set their hands and seals or caused these presents to be signed by their proper corporate officers and caused their proper corporate seal to be hereto affixed this 23rd day of September, Nineteen Hundred and Forty.

THE TRANSPORT COMPANY

By B. M. SEYMOUR *Pres.* [L. S.]

JOHN E. ACKERMAN [L. S.]

John E. Ackerman,

Individually and as trustee.

JAMES J. BUCKLEY, JR. [L. S.]

James J. Buckley, Jr.

GEORGE F. WHITEHEAD [L. S.]

George F. Whitehead

FRANK J. DAVIES [L. S.]

Frank J. Davies,

Trustee.

TERESA G. ACKERMAN [L. S.]

Teresa G. Ackerman,

Trustee.

RUTH G. WOODRUFF [L. S.]

Ruth G. Woodruff.

EDWARD G. WOODRUFF [L. S.]

Edward G. Woodruff.

HAROLD E. WOODRUFF [L. S.]

Harold E. Woodruff.

JOHN HAMILTON [L. S.]

John Hamilton.

Attest: B. D. RYAN, *Secretary*.

Signed, Sealed, and Delivered in the Presence of: E. N. Pernot,
as to 9.

1687

Exhibit 9

LEASE

This Agreement, made the 24th day of September, Anno Domini one thousand nine hundred and forty, Between Arrow Carrier Corporation, a corporation under the laws of the State of New Jersey, hereinafter called the Lessor, and The Transport Company, a corporation under the laws of the State of Delaware, hereinafter called the Lessee,

Whereas, the Lessee, under date of May 2, 1940, entered into a certain written agreement with all the stockholders of the Lessor to purchase all the stock of the Lessor if and when approved by the Interstate Commerce Commission and under the terms and conditions of the said purchase agreement, and the Lessee wishes to acquire and operate the business and properties of the Lessor prior to the full performance of the said contract of purchase, and

Whereas, the Lessor is willing to enter into a lease of its properties and business to the Lessee, for a consideration hereinafter stated and for the period hereinafter described and under the terms and conditions of this lease agreement, witnesseth:

That the Lessor does hereby lease and hire unto the Lessee the following described property, to wit:

(a) The business of freight haulage by motor vehicle being conducted by the Lessor, including its goodwill;

(b) All its right, title, and interest in and to any and all franchises or operating rights to engage in the
1688 transportation of property by motor vehicle in inter- or intrastate commerce;

(c) All physical property in which it has either a legal or beneficial title or interest, including real estate, cash, equipment, fuel, parts, tools, furniture, tires, etc.;

(d) All rights, either contractual or otherwise derived by operation of law, including claims by it against any other person or

corporation of the right to make such claim, such as, among other things, on policies of insurance;

(e) Accounts and notes receivable subject to accounts and notes payable.

The term of this lease shall commence at 12:01 a. m. on the day following entry by the Interstate Commerce Commission of an order of approval of the required form BMC42 application, and shall end at 11:59 p. m. on March 15, 1941.

The Lessee covenants and agrees to and with the Lessor as follows, to wit: that it will punctually pay the hire hereinafter described; that it will take good care of the said physical property, normal wear and tear excepted, and will not, without written consent of the Lessor, sell or hire any of it or in anywise part with possession of it; that it will at any time, when so requested, exhibit any and all said property to the Lessor or its agent and, if there be any default by the Lessee in any of the terms and conditions of this lease, it shall be lawful for the Lessor or its authorized agent to enter upon or into any place where the said property

is reasonably believed to be and to take and repossess the 1689 same. Upon the expiration of this lease the Lessee will return all of such physical property to the Lessor in as good condition as when received, such normal wear and tear excepted.

The Lessee agrees that it will save the Lessor harmless because of any liability due to or resulting from the operation of such property and conduct of such business by the Lessee during the term of this lease.

The Lessee will separately pay for and procure from the Interstate Commerce Commission the required license plates.

The Lessor will, as of the time when this lease shall commence to operate, either transfer to the Lessee all insurance possessed by it or have the Lessee additionally named in all such insurance policies as a beneficiary, and will likewise procure from the companies which issued such policies of insurance to record with the Interstate Commerce Commission any required insurance certificate or certificates for the benefit of the Lessee as may be required by the rules and regulations of that Commission.

The Lessee agrees to pay to the Lessor as rent and the Lessor agrees to receive a sum equal to whatever shall be the net earnings derived from the operation of the properties and business during the period of the lease, provided that the amount of such rent shall not exceed ten per cent (10%) of the net worth of the Lessor as of February 29, 1940; if the net earnings do so exceed that amount during the period of this lease, the excess over 10% shall be divided equally between the Lessor and the Lessee.

Payment of the base rent as above provided shall be made by the Lessee to the Lessor monthly if desired by the Lessor and any adjustment of additional rent on account of excess earnings shall be made within fifteen (15) days after expiration of this lease.

During the period of this lease all present officials of the Lessor shall be employed by the Lessee at their present compensation and they shall perform duties and have responsibilities corresponding to those now engaged in by them.

During the period of this lease, the business will be conducted under the trade name of "The Arrow Carrier Division of The Transport Company."

In Witness Whereof, the parties hereto have signed this agreement by their respective presidents under the authority of their respective stockholders or directors, or both, as may be required, in the City of New York, State of New York, this 24th day of September 1940.

ARROW CARRIER CORPORATION,
By JOHN E. ACKERMAN [L.S.],
President.

THE TRANSPORT COMPANY,
By B. M. SEYMOUR [L.S.],
President.

STATE OF NEW YORK.

County of New York, ss:

On this 24th day of September 1940, before me personally came John E. Ackerman, to me known, who being by me duly sworn, did depose and say that he resides in Passaic, New Jersey, and is the president of Arrow Carrier Corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation and that he signed his name thereto by like order.

CHARLOTTE A. OSSERMAN.
Charlotte A. Osserman,
Notary Public, New York County.

New York Co. Clk's No. 69, Reg. No. 1036; Kings Co. Clk's. No. 7, Reg. No. 1026; Bronx Co. Clk's No. 2, Reg. No. 5-O-41; Commission Expires March 30, 1941.

STATE OF NEW YORK.

County of New York, ss:

On this 24th day of September 1940, before me personally came B. M. Seymour, to me known, who being by me duly sworn, did

depose and say that he resides in 42 Bradford Road, Scarsdale, New York, and is the president of The Transport Company, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation and that he signed his name thereto by like order.

CHARLOTTE A. OSSERMAN.

Charlotte A. Osserman,

Notary Public, New York County.

New York Co. Clk's No. 69, Reg. No. 1036; Kings Co. Clk's. No. 7, Reg. No. 1026; Bronx Co. Clk's No. 2, Reg. No. 5-O-41; Commission Expires March 31, 1941.

1692 We, the undersigned, stockholders of all of the outstanding common stock of The Arrow Carrier Corporation do hereby approve and consent that the officers of said The Arrow Carrier Corporation enter into the aforesaid agreement of lease with The Transport Company to which this writing is annexed.

Dated: September 21, 1940.

John E. Ackerman; James J. Buckley, Jr.; George F. Whitehead; John Hamilton; Frank J. Davies; Trustee; Teresa G. Ackerman, Trustee; Ruth G. Woodruff; Edward G. Woodruff; Harold E. Woodruff.

1693

Exhibit 10

AGREEMENT AMENDING LEASES

Whereas the parties hereto, under date of September 21, 1940, entered into a lease agreement by which, subject to approval of the Interstate Commerce Commission, the operations and properties of Arrow Carrier Corporation were leased to The Transport Company until March 15, 1941, subject to the terms and conditions in that written agreement contained, and by agreement dated March 19, 1941, said lease was extended for thirty days; and

Whereas it is mutually desired between the parties thereto that the term of such lease be extended to December 31, 1941.

Now, therefore, in consideration of the payment of Ten Dollars (\$10) by the lessee to the lessor, receipt of which is hereby acknowledged,

It is agreed that the expiration date of the said lease is extended to December 31, 1941.

It is further agreed that the rent for the period from April 15, 1941, to December 31, 1941, shall be a sum equal to whatever

shall be the net earnings derived from the operation of the properties and business during said period, provided that the amount of such rent shall not exceed fifteen percent (15%) of the net worth of the lessor as of March 31, 1941; if the net earnings for said period do exceed said amount the excess over fifteen percent (15%) shall be divided equally between the lessor and the lessee.

It is further agreed that, except as aforesaid, all the terms and conditions in the said written lease of September 24, 1940, are reaffirmed and made applicable to the extended period of termination of the said lease.

This extension agreement is subject to authorization by the Interstate Commerce Commission.

Dated in New York, N. Y., this 9th day of April 1941.

ARROW CARRIER CORPORATION.

By JOHN E. ACKERMAN, *President*.

THE TRANSPORT COMPANY.

By B. M. SEYMOUR, *President*.

Certified to be a true copy of the original document.

J. S. ARNOLD.

J. S. Arnold.

1695

Exhibit 11

[Copy]

PATERSON, N. J., March 7, 1941.

THE TRANSPORT COMPANY.

1775 Broadway, New York City, N. Y.

DEAR SIR: Referring to the Agreement dated September 23, 1940, between The Transport Company and John E. Ackerman, James J. Buckley, Jr., George F. Whitehead, John Hamilton, Frank J. Davies, and Teresa G. Ackerman, Trustees, Ruth G. Woodruff, Edward G. Woodruff, and Harold E. Woodruff:

At your request said Agreement is hereby modified and amended as of the date thereof to extend the date of final payment by thirty (30) days by substituting for the words and figures "one hundred sixty-five (165) days" wherever they appear in said Agreement the words and figures "one hundred ninety-five (195) days." Except as so modified and amended, said Agreement remains in full force and effect.

Very truly yours,

John E. Ackerman, Frank J. Davies, Teresa G. Ackerman, *trustees*; Harold E. Woodruff, James

J. Buckley, Jr.; Edward G. Woodruff; John Hamilton; George F. Whitehead; Ruth G. Woodruff.

Accepted:

THE TRANSPORT COMPANY,
By B. M. SEYMOUR, *President*.

Certified to be a true copy of the original document.

J. S. ARNOLD.

J. S. Arnold.

1695-A

Exhibit 12

Before the Interstate Commerce Commission

STATEMENTS AND SCHEDULES

In re Application of Associated Transport, Inc. For the Acquisition, by Exchange of Stock, of Control of Certain Motor Carriers, and for the Consolidation Thereof

Docket Nos. MC-F-1612 & 1613

1695-B

ASSOCIATED TRANSPORT, INC.

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1696

ASSOCIATED TRANSPORT, INC.

Consolidating balance sheet of the carrier and noncarrier companies included in I. C. C. application as of April 30, 1941—
as adjusted

ASSETS

| | Consolidated Motor Lines, Inc. 5/17/41 | McCarthy Freight System, Inc. 5/17/41 | M. Moran Transp. Lines, Inc. 4/29/41 | Horton Motor Lines, Inc. 4/30/41 | Barnwell Brothers, Inc. 4/30/41 | Transportation Inc. 4/30/41 | South-eastern Motor Lines, Inc. 4/30/41 | Arrow Carrier Corp. 4/30/41 | Total carrier companies (per schedule) | Eliminations (per schedule) | Consolidated carrier and noncarrier companies |
|--|--|---------------------------------------|--------------------------------------|----------------------------------|---------------------------------|-----------------------------|---|-----------------------------|--|-----------------------------|---|
| Current assets: | | | | | | | | | | | |
| 1000 Cash | \$215,229.13 | 59,296.18 | 83,288.79 | 43,983.03 | 26,354.83 | 5,644.87 | 4,283.78 | 62,326.90 | 501,590.51 | | 510,411.45 |
| 1020 Working Funds | 11,965.03 | 765.00 | 853.20 | 42,748.88 | 3,756.80 | 3,157.27 | 2,249.41 | 3,177.32 | 68,692.91 | | 78,692.91 |
| 1040 Special Deposits | 960.00 | 6,151.00 | 20.00 | 1,115.04 | 585.16 | 1,213.72 | 745.00 | 527.50 | 11,327.26 | | 11,327.26 |
| 1060 Temporary Cash Investments—Unpledged | 10,034.35 | | | 330.00 | 1,507.33 | | | | 10,034.35 | | 10,034.35 |
| 1080 Notes Receivable | 420.00 | | | | | | | | 2,257.33 | | 2,607.33 |
| 1100 Accounts Receivable—Associated Companies | | 7,334.59 | | | | | | | 7,534.69 | 192,502.57 (A) | 7,534.59 |
| 1120 Accounts Receivable—Officers, Stockholders, and Employees | 2,098.48 | 3,125.86 | 115,249.97 | 15,426.45 | 3,576.87 | 1,852.60 | 1,052.08 | 4,574.51 | 146,926.82 | | 147,708.06 |
| 1120 Accounts Receivable—Trade and Others | 266,177.74 | 174,381.65 | 159,649.97 | 312,364.69 | 213,340.00 | 80,973.35 | 43,280.75 | 123,153.27 | 1,403,271.42 | | 1,406,291.69 |
| 2650 Less: Reserve for Uncollectible Accounts | 8,268.00 | 3,558.59 | 5,031.01 | 7,861.06 | 3,593.03 | 2,229.53 | 797.29 | 2,621.43 | 33,959.94 | | 33,959.94 |
| Accounts Receivable—Trade and Others—Net | 257,859.74 | 170,823.06 | 154,618.96 | 304,503.63 | 209,746.97 | 78,743.82 | 42,483.46 | 120,531.84 | 1,369,311.48 | | 1,372,331.75 |
| 1160 Interest and Dividends Receivable | 1,406.70 | | | | 44.88 | | | | 1,451.58 | | 1,451.58 |
| 1180 Material and Supplies | 121,789.94 | 41,036.17 | 45,442.36 | 128,774.40 | 51,016.21 | 25,289.88 | 8,196.08 | 37,706.16 | 459,221.20 | | 667,172.36 |
| Total Current Assets | 652,753.37 | 281,140.27 | 407,017.87 | 836,881.43 | 496,818.89 | 115,902.16 | 58,979.81 | 228,854.23 | 2,578,348.03 | 192,502.57 | 2,799,271.04 |

ASSOCIATED TRANSPORT, INC.—Continued.

Consolidating balance sheet of the carrier and noncarrier companies included in I. C. C. application as of April 30, 1941—
as adjusted—Continued

ASSETS—continued

[illegible]

| | | | | | | | | | | | |
|---|---------------------------------|--------------|------------|--------------|--------------|------------|------------|------------|--------------|--------------|-----------------|
| 2571 | monetary | 27,973.17 | 4,157.42 | 6,741.41 | 7,901.20 | 3,751.38 | 533.66 | 6,206.66 | 55,354.90 | 3,255.72 | 56,610.62 |
| Total Tangible Property | | | | | | | | | | | |
| Investment Securities and Advances: | | | | | | | | | | | |
| 1600 | Associated Companies | 79,240.30 | | | | | | | 173,569.58 | 40,300.00 | (173,569.58)(B) |
| 1650 | Other Investments and Advances: | | | | | | | | 101,869.08 | | 101,869.08 |
| | Pledged | 98,830.64 | 48,066.40 | 6,745.87 | 18,763.00 | 250.40 | | 510.00 | 74,335.27 | | 74,335.27 |
| | Unpledged | | | | | | | | | | |
| Total Investment Securities and Advances | | | | | | | | | | | |
| | | 98,830.64 | 127,306.70 | 6,745.87 | 116,180.72 | 250.00 | | 510.00 | 349,773.93 | 40,300.00 | 213,869.58 |
| Prepayments and Other Deferred Debits: | | | | | | | | | | | |
| 1800 | Prepaid Taxes | 103,429.92 | 50,582.91 | 79,801.94 | 95,686.72 | 53,563.44 | 28,160.60 | 11,761.71 | 485,646.65 | 905.92 | 487,552.57 |
| 1810 | Prepaid Insurance | 33,023.65 | 18,035.04 | 82,348.62 | 30,858.05 | 21,090.91 | 17,525.15 | 3,508.74 | 223,007.40 | 3,735.54 | 226,742.94 |
| 1820 | Prepaid Licenses | 24,052.09 | 7,943.55 | 21,982.60 | 17,306.09 | 6,973.40 | 15,475.12 | 4,060.94 | 125,869.35 | 583.02 | 126,452.37 |
| 1830 | Other Prepaid Expenses | 5,906.20 | 6,102.20 | 6,379.81 | 14,606.78 | | 1,302.47 | 317.59 | 39,279.39 | 5,500.18 | 44,779.57 |
| 1840 | Miscellaneous Debits | 1,167.48 | 898.67 | | | | | | 2,064.15 | | 2,064.15 |
| Total Prepayments and Other Deferred Debits | | | | | | | | | | | |
| | | 178,671.34 | 83,560.37 | 190,517.97 | 156,457.64 | 81,663.75 | 62,486.34 | 20,248.98 | 879,866.14 | 10,724.66 | 887,591.60 |
| Total Assets | | | | | | | | | | | |
| | | 1,696,649.01 | 915,335.79 | 1,078,437.68 | 2,211,054.24 | 941,301.43 | 429,829.36 | 477,260.96 | 1,184,784.08 | 8,628,353.15 | 9,379,466.38 |

Wherever a date other than April 30, 1941, is indicated, the company closes its books on a period basis. Consequently the assets and liabilities are stated as of the date indicated, but the surplus has been adjusted to April 30, 1941.

LIABILITIES AND CAPITAL

1697

| | | | | | | | | | | | |
|----------------------|---|------------|------------|------------|------------|------------|------------|-----------|------------|--------------|---------------|
| Current liabilities: | | | | | | | | | | | |
| 2000 | Notes Payable | 13,500.00 | | | 39,728.42 | 72,467.38 | 107,023.37 | 25,000.00 | 5,000.00 | 262,719.17 | 27,500.00 |
| 2010 | Accounts Payable—Associated Companies | | | | 182,437.71 | 9,164.86 | | | 369,804.02 | 900.00 | 122,502.57(A) |
| 2020 | Accounts Payable—Officers, Stockholders and Employees | 188.07 | 7,113.05 | 24,000.00 | 53,864.70 | | 11,967.17 | | 27,300.00 | 124,472.99 | 124,472.99 |
| 2030 | Accounts Payable—Trade and Others | 237,563.62 | 135,878.99 | 470,325.31 | 125,804.81 | 142,303.30 | 235,150.85 | 23,328.17 | 73,846.59 | 1,448,403.94 | 1,243,958.80 |

ASSOCIATED TRANSPORT, INC.—Continued

Consolidated balance sheet of the carrier and noncarrier companies included in L. C. C. application as of April 30, 1941—
as adjusted—Continued

LIABILITIES AND CAPITAL—continued

| | Consolidated Motor Lines, Inc. | Motor Freight Systems, Inc. | M. M. Freight Lines, Inc. | M. M. Motor Lines, Inc. | Horton Motor Lines, Inc. | Barnes & Brothers, Inc. | Trabandt Inc. | Southwestern Motor Lines, Inc. | Arrow Carrier Corp. | Total carrier companies (per schedule) | Eliminations (per schedule) | Consolidated carrier and noncarrier companies |
|---|--------------------------------|-----------------------------|---------------------------|-------------------------|--------------------------|-------------------------|---------------|--------------------------------|---------------------|--|-----------------------------|---|
| 2070 Wages Payable | 840,915.83 | 23,400.00 | 45,347.90 | 44,269.08 | 13,867.25 | 6,771.06 | 732.54 | 34,714.46 | 208,660.00 | 1,047.21 | | 209,727.81 |
| 2080 C. O. D.'s Unremitted | 163,137.61 | 11,952.26 | 2,305.73 | 210,955.42 | 37,366.85 | 6,488.70 | 17,062.08 | 12,808.83 | 28,594.37 | 98,846.08 | | 28,594.37 |
| 2120 Taxes Accrued | 832.37 | 3,191.79 | 1,860.38 | 130.60 | 1,063.39 | 4,705.76 | | 41,913.49 | 627,339.58 | 1,800.34 | | 726,185.66 |
| 2150 Interest Accrued | 5,085.90 | 784.07 | 2,546.34 | 3,305.92 | | | | 700.25 | 11,703.90 | 66.10 | | 13,504.33 |
| 2190 Other Accrued Liabilities | | | | | | | | | 12,432.48 | | | 12,498.58 |
| Total Current Liabilities | 457,361.69 | 272,633.76 | 487,966.89 | 639,626.93 | 276,347.03 | 372,127.51 | 30,469.41 | 392,727.92 | 2,794,161.14 | 225,214.59 | 192,502.57 | 2,872,373.16 |
| Advances Payable: | | | | | | | | | | | | |
| 2230 Associated Companies | | | 23,963.68 | | | | | | 23,963.68 | 173,509.58 | 173,509.58 (B) | 23,963.68 |
| 2250 Other Advances Payable | | 3,140.42 | 100,077.50 | | | | | | 103,227.01 | | | 103,227.01 |
| Total Advances Payable | | 3,140.42 | 123,981.27 | | | | | | 127,110.69 | 173,509.58 | 173,509.58 | 127,110.69 |
| Equipment and other long-term Obligations: | | | | | | | | | | | | |
| 2300 Equipment Obligations: | | | | | | | | | | | | |
| Due within one year | 87,915.13 | 116,290.34 | 90,964.04 | 66,493.87 | 58,261.04 | | | 300.00 | 24,797.71 | 453,061.77 | | 453,061.77 |
| Due after one year | 243,000.54 | 43,231.10 | 35,719.32 | 53,464.00 | 36,258.84 | | | | | 414,273.80 | | 414,273.80 |
| 2360 Other Long-Term Obligations: | | | | | | | | | | | | |
| Due within one year | 4,431.57 | 12,900.00 | | 11,000.00 | | | | | 1,000.00 | 29,331.57 | | 101,531.57 |
| Due after one year | 54,291.08 | 1,500.00 | 26,750.00 | | | | | | 11,000.00 | 93,541.08 | | 296,874.36 |
| Total Equipment & Other Long-Term Obligations | 390,238.32 | 171,000.44 | 428,714.00 | 157,707.87 | 106,519.88 | | | 300.00 | 36,797.71 | 990,208.22 | 274,833.28 | 1,264,741.50 |

[illegible]

NOTE.—Wherever a date other than April 30, 1941 is indicated, the company closes its books on a period basis. Consequently, the assets and liabilities are stated as of the date indicated, but the surplus has been adjusted to April 30, 1941. The Reserve for Contingent Liabilities in the amount of \$1,000.00 for each company is arbitrary, and is to be provided for at the discretion of the board of directors. The Reserve for Contingent Liabilities in the amount of \$1,000.00 for each company is arbitrary, and is to be provided for at the discretion of the board of directors.

ASSOCIATED TRANSPORT, INC.

Consolidated Balance Sheet of the Noncarrier Companies Included in I. C. C. Application as of April 30, 1941—As Adjusted

ASSETS

| | Southern New England Termi- nals, Inc. | Brown Equip- ment & Mfg. Co. Inc. | Conger Relaty Co. | Barnwell Ware- house & Broker- age Company | Total non- carrier companies |
|---|--|---|-------------------------|---|------------------------------------|
| Current assets | | | | | |
| Cash | \$1,175.56 | \$5,353.27 | \$1,968.41 | \$323.70 | \$8,820.94 |
| Notes receivable | 350.00 | | | | 350.00 |
| Accounts receivable—Associated com- panies | | 182,437.71 | 900.00 | 9,164.86 | 192,502.57 |
| Accounts receivable—Officers, stock- holders and employees | 284.00 | 497.24 | | | 781.24 |
| Accounts receivable—Trade and others | | 2,660.26 | 220.01 | 740.00 | 3,620.27 |
| Material and supplies | | 207,951.16 | | | 207,951.16 |
| Total current assets | 1,809.56 | 308,866.64 | 3,088.42 | 9,628.56 | 413,423.18 |
| Tangible property | | | | | |
| Revenue equipment | | | | 10,988.23 | 10,988.23 |
| Less: Reserve for depreciation | | | | 6,424.97 | 6,424.97 |
| Revenue equipment—Net | | | | 4,563.26 | 4,563.26 |
| Service trucks and autos | | 636.50 | | | 636.50 |
| Less: Reserve for depreciation | | 291.73 | | | 291.73 |
| Service trucks and autos—Net | | 344.77 | | | 344.77 |
| Land | 26,318.67 | | 136,858.03 | 5,476.00 | 168,652.70 |
| Buildings | 292,105.30 | | 283,392.30 | 12,000.00 | 495,497.60 |
| Less: Reserve for depreciation | 15,984.40 | | 11,570.05 | 1,187.50 | 28,741.95 |
| Buildings—Net | 186,120.90 | | 271,732.34 | 8,812.50 | 466,665.74 |
| Furniture and equipment | | 50,374.03 | 12,772.02 | 605.30 | 63,751.35 |
| Less: Reserve for depreciation | | 11,720.21 | 1,682.71 | 486.17 | 13,889.09 |
| Furniture and equipment—Net | | 38,653.82 | 11,089.31 | 109.13 | 49,852.26 |
| Leasehold improvements—Net | | 3,255.72 | | | 3,255.72 |
| Total tangible property | 212,439.57 | 42,254.31 | 419,679.68 | 18,660.98 | 693,034.54 |
| Investment in associated company | | | | 40,395.00 | 40,395.00 |
| Prepayments and other deferred debits | | | | | |
| Prepaid tires | | | | 905.92 | 905.92 |
| Prepaid insurance | 1,089.10 | 1,039.28 | 1,511.83 | 95.33 | 3,735.54 |
| Prepaid licenses | | | | 583.02 | 583.02 |
| Other prepaid expenses | | 434.15 | 5,066.03 | | 5,500.18 |
| Total prepayments and other deferred debits | 1,089.10 | 1,473.43 | 6,577.86 | 1,584.27 | 10,724.66 |
| Total assets | 215,338.23 | 442,627.38 | 429,345.96 | 70,713.81 | 1,157,485.38 |
| 1699 Current Liabilities | | | | | |
| Notes Payable | | 27,500.00 | | | 27,500.00 |
| Accounts Payable—Associated Com- panies | | 900.00 | | | 900.00 |
| Accounts Payable—Trade and Other | 2,878.00 | 92,219.92 | 456.10 | 0.84 | 95,554.86 |
| Wages Payable | | 1,047.21 | | | 1,047.21 |
| Taxes Accrued | 2,413.18 | 57,675.83 | 36,234.75 | 2,522.33 | 98,846.09 |
| Interest Accrued | 723.67 | 72.92 | 825.00 | 178.75 | 1,800.34 |
| Other Accrued Liabilities | | 68.10 | | | 68.10 |
| Total Current Liabilities | 6,014.85 | 179,481.98 | 37,515.85 | 2,701.91 | 228,714.59 |
| Advances from Affiliated Companies | 79,240.30 | | 94,329.28 | | 173,569.58 |
| Other Long-Term Obligations | | | | | |
| Due within one year | 8,300.00 | | 60,000.00 | 4,000.00 | 72,300.00 |
| Due after one year | 90,833.28 | | 105,000.00 | 6,500.00 | 202,333.28 |
| Total Other Long-Term Obligations | 99,033.28 | | 165,000.00 | 10,500.00 | 274,533.28 |

ASSOCIATED TRANSPORT, INC.

Consolidated Balance Sheet of the Noncarrier Companies Included in I. C. C. Application as of April 30, 1941—As Adjusted—Con.

ASSETS

| | Southern New England Terminals, Inc. | Brown Equip- ment & Mfg. Co. Inc. | Conger Realty Co. | Barnwell Ware- house & Broker- age Company | Total non- carrier companies |
|--|---|---|-------------------------|---|------------------------------------|
| Reserves: | | | | | |
| Reserve for State and Federal Income Taxes | 5614.82 | | \$182.52 | \$362.52 | \$1,459.86 |
| Reserve for Contingent Liabilities | 1,000.00 | \$1,000.00 | 1,000.00 | 1,000.00 | 4,000.00 |
| Total Reserves | 1,614.82 | 1,000.00 | 1,182.52 | 1,362.52 | 5,159.86 |
| Total Liabilities and Reserves | 185,903.25 | 180,481.98 | 208,027.65 | 14,564.43 | 678,977.31 |
| Capital Stock: | | | | | |
| Preferred Capital Stock | | | | 22,800.00 | 22,800.00 |
| Common Capital Stock | 20,000.00 | 100,000.00 | 100,000.00 | 2,000.00 | 222,000.00 |
| Total Capital Stock | 20,000.00 | 100,000.00 | 100,000.00 | 24,800.00 | 244,800.00 |
| Unappropriated Surplus: | | | | | |
| Earned Surplus | 9,434.98 | 162,145.40 | 31,318.31 | 30,809.38 | 233,708.07 |
| Total Capital Stock and Surplus | 29,434.98 | 262,145.40 | 131,318.31 | 55,609.38 | 478,508.07 |
| Total Liabilities and Capital | 215,338.23 | 442,627.38 | 429,345.96 | 70,173.81 | 1,157,485.38 |

NOTES.—1. The liability for Federal income and excess profits taxes has been computed to April 30, 1941. 2. The Reserve for Contingent Liabilities in the amount of \$1,000.00 is arbitrary, and is to provide for all contingencies pursuant to contract, including those indicated in the contract and attached schedule.

1700

ASSOCIATED TRANSPORT, INC.

Schedule of Eliminations of Intercompany Advances and Investments as of April 30, 1941—

(A) Accounts Receivable:

| | |
|--|--------------|
| Due to Brown Equipment & Mfg. Co., Inc., from Horton Motor Lines, Inc. | \$182,437.71 |
| Due to Conger Realty Company, from Brown Equipment & Mfg. Co., Inc. | 100.00 |
| Due to Barnwell Warehouse & Brokerage Co. from Barnwell Brothers, Inc. | 0,164.86 |
| Total | 192,502.57 |

(B) Advances:

| | |
|---|------------|
| Due to McCarthy Freight System, Inc., from Southern New England Terminals, Inc. | 79,240.30 |
| Due to Horton Motor Lines, Inc., from Conger Realty Company | 94,329.28 |
| Total | 173,569.58 |

(C) Investments:

| | |
|---|------------|
| Stock of Barnwell Brothers, Inc., held by Barnwell Warehouse & Brokerage Co.: | |
| 93 shares Preferred Stock @ \$100 per share | 9,300.00 |
| 310 shares Common stock @ \$100 per share | 31,000.00 |
| | 40,300.00 |
| Total Eliminations | 406,372.15 |

ASSOCIATED TRANSPORT, INC.

Consolidating Statement of Income, Profit, and Loss of the Carrier Companies included in I. C. C. Application for the Fiscal Year Ended April 30, 1941, as Adjusted and per Books

| | Consolidated Motor Lines, Inc. | | McCarthy Freight System, Inc. | | M. Moran Trans. Lines, Inc. | | Horton Motor Lines, Inc., 4/30/41 | | Barnwell Brothers, Inc., 4/30/41 | | Transportation, Inc. | | Southeastern Motor Lines, Inc., 4/30/41 | | Arrow Carrier Corp. | | Total carrier comp. | |
|--|--------------------------------|--------------------|-------------------------------|--------------------|-----------------------------|-------------------|-----------------------------------|--------------|----------------------------------|--------------|----------------------|--------------|---|------------|---------------------|--------------------|---------------------|-----------|
| | 4/30/41, adjusted | 5/17/41, per books | 4/30/41, adjusted | 5/17/41, per books | 4/30/41, adjusted | 4/26/41 per books | Adjusted | Per books | Adjusted | Per books | 4/30/41 adjusted | Per books | Adjusted | Per books | Adjusted | 4/30/41, per books | Adjusted | Per books |
| Carrier Operating Income | | | | | | | | | | | | | | | | | | |
| 5000 Operating Revenue | \$5,062,725.36 | 5,062,633.66 | 2,133,892.58 | 2,135,154.59 | 3,018,234.37 | 3,018,608.42 | 4,718,697.96 | 4,716,637.83 | 2,256,673.50 | 2,258,052.84 | 1,331,850.14 | 1,339,181.94 | 478,511.39 | 478,486.08 | 1,558,917.51 | 1,558,936.89 | 20,550,602.51 | 20,567 |
| Expenses | | | | | | | | | | | | | | | | | | |
| 4100 Equip. Maint. and Garage Exp. | 498,739.69 | 477,081.34 | 194,516.00 | 204,135.67 | 372,722.11 | 365,771.61 | 591,917.11 | 573,205.00 | 210,023.71 | 211,249.05 | 174,270.82 | 176,767.54 | 48,114.21 | 52,575.15 | 152,825.20 | 169,238.01 | 2,263,128.85 | 2,230 |
| 4200 Transportation Expense | 857,941.17 | 858,122.55 | 594,277.75 | 596,259.53 | 1,100,320.38 | 1,108,628.05 | 852,952.96 | 853,059.26 | 615,894.50 | 615,354.29 | 293,945.41 | 293,854.97 | 134,570.63 | 134,587.41 | 206,573.95 | 207,523.73 | 1,665,476.75 | 1,697 |
| 4300 Terminal Expense | 1,945,022.93 | 1,944,870.02 | 489,734.54 | 489,910.39 | 628,001.34 | 623,382.34 | 999,297.10 | 1,000,210.38 | 377,460.71 | 378,055.95 | 361,929.73 | 361,760.29 | 61,993.51 | 61,905.06 | 512,302.49 | 511,611.89 | 5,375,652.32 | 5,371 |
| 4400 Sales, Tariff and Adver. Exp. | 129,250.72 | 130,823.70 | 70,461.48 | 70,125.45 | 70,565.56 | 68,895.43 | 215,906.95 | 214,428.71 | 125,042.75 | 125,628.19 | 63,976.37 | 63,882.07 | 20,551.27 | 20,617.09 | 41,818.60 | 40,850.80 | 737,622.90 | 735 |
| 4500 Insurance and Safety Exp. | 252,410.64 | 254,194.17 | 79,383.43 | 75,704.23 | 192,891.50 | 189,592.27 | 212,016.28 | 217,529.19 | 123,217.79 | 111,144.69 | 93,773.41 | 89,143.48 | 20,533.20 | 20,117.97 | 71,727.04 | 69,444.70 | 1,045,863.29 | 1,026 |
| 4600 Admin. and General Exp. | 315,582.45 | 336,084.42 | 182,371.27 | 190,422.53 | 175,777.88 | 177,721.61 | 97,611.58 | 304,573.90 | 258,910.62 | 239,251.75 | 81,953.65 | 76,447.02 | 70,132.02 | 69,039.53 | 169,564.46 | 165,670.24 | 1,781,883.96 | 1,799 |
| 5100 Depreciation Expense | 178,536.30 | 175,098.80 | 110,682.65 | 98,905.38 | 116,467.86 | 113,503.05 | 249,895.07 | 249,987.72 | 94,543.04 | 120,695.59 | 58,498.92 | 61,535.53 | 14,698.72 | 16,286.04 | 105,171.37 | 98,107.80 | 928,514.93 | 932 |
| 5200 Amortization Chg. to Oper. | | | | 2,486.53 | 1,281.83 | 1,281.83 | | | 1,894.98 | 3,000.13 | | 620.49 | | 362.27 | | 3,265.01 | | 7 |
| 5300 Operating Taxes and Licenses | 318,590.11 | 322,508.35 | 137,585.70 | 134,486.52 | 210,678.11 | 211,217.94 | 426,292.85 | 437,464.43 | 229,379.95 | 229,341.31 | 180,702.25 | 180,674.09 | 49,495.39 | 49,201.32 | 113,469.19 | 116,401.39 | 1,669,020.55 | 1,672 |
| 5300 Operating Rents—Net | 121,734.28 | 121,734.28 | 50,059.08 | 50,129.65 | 35,109.22 | 32,808.43 | 156,945.29 | 157,218.79 | 21,810.30 | 21,840.55 | 33,877.61 | 33,765.18 | 5,905.42 | 5,922.75 | 26,700.04 | 26,700.04 | 452,201.24 | 450 |
| Total Expenses | 4,637,870.32 | 4,630,117.63 | 1,999,071.90 | 1,912,595.78 | 2,912,726.76 | 2,892,802.56 | 4,235,745.19 | 4,207,581.36 | 2,088,015.35 | 2,090,592.51 | 1,342,936.37 | 1,338,401.66 | 426,082.57 | 430,614.59 | 1,400,242.34 | 1,395,638.60 | 18,922,699.80 | 18,893 |
| Net Operating Income | 424,855.04 | 423,516.03 | 224,920.68 | 222,558.81 | 105,508.61 | 125,805.86 | 512,952.47 | 509,056.47 | 168,658.15 | 167,460.33 | (11,086.23) | 780.28 | 52,428.82 | 47,871.49 | 158,675.17 | 153,298.29 | 1,636,912.71 | 1,674 |
| Other Income | | | | | | | | | | | | | | | | | | |
| 9500 Net Inc. from Noncarrier Oper. | 21,879.37 | 21,373.68 | | | | | | | | | (493.59) | (493.59) | | | | | 21,385.87 | 20 |
| 9700 Interest Income | 1,962.93 | 1,962.93 | 2,496.51 | 2,438.07 | | | 851.17 | 866.70 | 138.81 | 127.43 | | | 8.86 | 8.86 | 12.36 | 12.36 | 5,470.64 | 5 |
| 9800 Other Nonoperating Income | 432.28 | 432.28 | 316.73 | 316.73 | | | 4.60 | 662.02 | | | | | | | (27.72) | (16.75) | 755.95 | 1 |
| Total Other Income | 24,274.58 | 23,768.89 | 2,813.24 | 2,754.80 | | | 855.83 | 1,557.72 | 138.81 | 127.43 | (493.59) | (493.59) | 8.86 | 8.86 | (15.36) | (4.39) | 27,612.46 | 27 |
| Gross Income | 449,129.62 | 447,284.92 | 227,733.92 | 225,303.61 | 105,508.61 | 125,805.86 | 513,808.30 | 510,614.19 | 168,796.96 | 167,587.76 | (11,519.75) | 286.78 | 52,437.68 | 47,880.35 | 158,690.81 | 153,293.90 | 1,664,525.17 | 1,702 |
| Income Deductions | | | | | | | | | | | | | | | | | | |
| 7000 Interest on Long-Term Oblig. | 12,439.60 | 11,691.92 | 10,123.93 | 10,123.93 | 426.48 | | | | 7,488.26 | 5,117.47 | 4,918.49 | 3,395.54 | 317.15 | 317.15 | 727.50 | 727.50 | 39,441.41 | 34 |
| 7100 Other Interest Deductions | 745.38 | 1,036.29 | 851.24 | 851.24 | 180.35 | (64.19) | 1,872.45 | 1,965.07 | 4,376.57 | 4,382.21 | 1,488.10 | 3,797.29 | 479.02 | 479.02 | 2,904.60 | 2,858.42 | 15,893.21 | 15 |
| 7200 Other Deductions | 69.53 | 1,492.77 | 802.16 | (280.93) | 2,281.76 | 3,631.00 | 364.44 | 16,134.32 | | 124.69 | | 5,883.65 | 213.75 | | | 1,800.00 | 4,612.74 | 28 |
| Total Income Deductions | 13,254.51 | 11,020.98 | 11,777.33 | 10,694.24 | 2,888.59 | 3,566.81 | 2,232.39 | 18,699.39 | 11,864.83 | 12,624.27 | 501.44 | 13,078.48 | 796.17 | 1,009.92 | 3,632.10 | 5,385.92 | 56,947.36 | 78 |
| Net Profit Before Federal Income Taxes | 435,875.11 | 433,263.94 | 215,956.59 | 214,609.37 | 102,620.02 | 122,239.05 | 511,575.91 | 492,514.80 | 156,932.13 | 154,963.49 | (22,051.17) | (12,799.70) | 51,641.51 | 46,870.43 | 155,057.71 | 147,907.98 | 1,607,577.81 | 1,623 |
| Adjustment of Profit from period to calendar basis as of 4/30/41 | (34,038.60) | | (13,099.35) | | 2,919.18 | | | | | | | | | | | | (44,247.77) | |
| Adjusted Net Profit Before Federal Income Taxes | 401,836.51 | | 202,857.24 | | 105,539.20 | | 511,575.91 | | 156,932.13 | | (22,051.17) | | 51,641.51 | | 155,057.71 | | 1,563,330.04 | |
| 9900 Prov. for Fed. Inc. Taxes | 97,249.06 | 100,286.86 | 49,519.30 | 52,435.26 | 25,907.27 | 30,000.00 | 122,064.38 | 157,677.90 | 37,656.51 | 13,235.95 | | | 12,473.04 | 8,509.01 | 37,206.65 | 21,903.66 | 382,067.11 | 364 |
| 9900 Prov. for Fed. Excess Pfts. Tax | 65,757.96 | 26,941.22 | 28,204.31 | 12,101.95 | | | | | | | | | 2,480.72 | | | | 96,448.09 | 38 |
| Net Profit After Inc. Taxes | 298,829.49 | 306,025.95 | 125,172.73 | 150,162.16 | 79,622.93 | 92,239.05 | 390,511.53 | 334,837.80 | 119,245.62 | 165,727.54 | (22,051.17) | (12,799.70) | 39,168.47 | 38,361.42 | 117,851.06 | 126,004.32 | 1,081,813.94 | 1,221 |
| Nonrecurring Exp. Incl. Above | 57,347.16 | | 16,832.50 | | | | 18,235.00 | | 8,420.32 | | | | 15,475.00 | | 40,703.70 | | 187,103.68 | |
| Less State and Fed. Inc. Taxes Applicable thereto | 32,343.80 | | 8,836.33 | | | | 12,309.57 | | 2,347.24 | | | | 6,831.98 | | 10,237.87 | | 72,926.79 | |
| Net Nonrecurring Expenses | 25,003.36 | | 7,996.17 | | | | 35,925.43 | | 6,073.08 | | | | 8,643.02 | | 30,555.83 | | 114,176.89 | |
| Adjusted Net Profit After Taxes Excluding Nonrecurring Exp. | 263,812.85 | | 133,148.90 | | 79,622.93 | | 425,436.96 | | 125,318.70 | | (22,051.17) | | 45,324.77 | | 148,376.89 | | 1,198,990.83 | |

NOTE: The figures in this statement indicated "per books" are stated as they appear in the companies' books, without verification by us.

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ASSOCIATED TRANSPORT, INC.

Consolidating Statement of Income, Profit, and Loss of the Noncarrier Companies Included in I. C. C. Application for the Fiscal Year Ended April 30, 1941, as Adjusted and Per Books

| | Southern New England Terminals, Inc. | | Brown Equipment & Mfg. Co., Inc. | | Cinger Realty Co. | | Bartwell Warehouse & Brokerage Company | | Total noncarrier companies | |
|--|--------------------------------------|-------------|----------------------------------|-------------|-------------------|--------------|--|-------------|----------------------------|-------------|
| | Adjusted | Per books | Adjusted | Per books | Adjusted | Per books | Adjusted | Per books | Adjusted | Per books |
| Income: | | | | | | | | | | |
| Sales | | | | | | | | | | |
| Rental income | \$21,399.96 | \$22,633.29 | \$43,567.24 | \$43,342.96 | \$125,803.22 | \$125,803.22 | \$13,536.67 | \$13,419.42 | \$43,967.24 | \$43,342.96 |
| Total income | 21,399.96 | 22,633.29 | 843,567.24 | 843,342.96 | 125,803.22 | 125,803.22 | 13,536.67 | 13,419.42 | 100,726.85 | 101,855.93 |
| Operating costs: | | | | | | | | | | |
| Cost of goods sold | | | 634,467.33 | 633,777.15 | | | | | 634,467.33 | 633,777.15 |
| Equipment, maintenance, and garage expense | | | 9,026.33 | 9,131.84 | | | | | 9,464.40 | 9,131.84 |
| Insurance and safety expense | | | 2,410.31 | 2,362.96 | | | | | 4,092.87 | 4,325.70 |
| Administration and general expenses | 491.46 | 248.26 | 39,472.80 | 39,118.74 | 1,179.18 | 1,983.16 | 436.07 | 11.92 | 48,133.78 | 46,493.85 |
| Depreciation expense | 3,065.32 | 3,810.32 | 1,525.95 | 680.03 | 6,512.36 | 8,314.87 | 5,025.00 | 5,039.56 | 12,647.87 | 13,863.96 |
| Operating taxes and licenses | 3,326.11 | 3,543.95 | 15,945.95 | 16,540.23 | 15,075.30 | 16,725.52 | 1,283.45 | 1,325.13 | 35,966.01 | 37,638.91 |
| Interest expense | 2,913.22 | 2,112.32 | 1,319.28 | 1,318.28 | 7,835.81 | 7,840.81 | 2,031.04 | 726.02 | 14,227.43 | 14,870.53 |
| | 4,357.32 | 4,965.42 | | | | | | | | |
| Total operating costs | 14,183.43 | 14,700.27 | 704,166.95 | 702,948.63 | 31,143.81 | 35,289.57 | 9,805.50 | 9,365.56 | 756,099.69 | 762,304.03 |
| Net profit before Federal income taxes | 7,216.53 | 7,933.02 | 139,400.29 | 140,394.33 | 94,659.41 | 90,513.65 | -4,021.17 | 4,053.86 | 244,207.40 | 242,804.86 |
| Provision for Federal income taxes: | | | | | | | | | | |
| Federal income taxes | 1,106.23 | 492.86 | 33,436.07 | 33,611.91 | 22,718.26 | 20,876.92 | 867.14 | 638.27 | 57,879.70 | 56,619.90 |
| Federal-excess profits taxes | | | 2,353.11 | 2,257.00 | 3,723.40 | 2,770.84 | | 6,076.51 | 5,027.84 | |
| Total provision for Federal income taxes | 1,106.23 | 492.86 | 35,806.18 | 35,868.91 | 26,441.66 | 23,647.76 | 867.14 | 6,086.77 | 63,906.21 | 60,647.90 |
| Net profit after income taxes | 6,110.30 | 7,440.16 | 103,594.11 | 104,525.42 | 68,217.75 | 66,865.89 | 3,434.03 | 3,415.59 | 181,341.19 | 182,247.06 |
| Nonrecurring expenses included above | 3,000.00 | | 2,000.00 | | | | | | 5,000.00 | |
| Less income taxes applicable thereto | 495.00 | | 928.40 | | | | | | 1,423.40 | |
| Net nonrecurring expenses | 2,505.00 | | 1,071.60 | | | | | | 3,573.60 | |
| Adjusted net profit after taxes—Excluding non-recurring expenses | \$8,615.30 | | 104,662.71 | | 68,217.75 | | 3,434.03 | | 184,917.79 | |

Note.—The figures in this statement indicated "per books" are stated as they appear in the companies' books, without verification by us.

Summary Statement of Income, Profit, and Loss of the Carrier and Noncarrier Companies Included in I. C. C. Application for the Fiscal Year Ended April 30, 1941, Per Books and as Adjusted

McLEAN TRUCKING CO., INC., ET AL.

| | Carrier companies | | Noncarrier companies | | Total, all companies | | Differences representing adjustments | |
|--|-------------------|-----------------|----------------------|--------------|----------------------|-----------------|--------------------------------------|---------------------|
| | Adjusted | Per books | Adjusted | Per books | Adjusted | Per books | Deductions from profit | Additions to profit |
| Operating Income: | | | | | | | | |
| Carrier operating revenue | \$20,586,602.51 | \$20,567,602.25 | | | \$20,559,602.51 | \$20,567,602.25 | \$4,080.74 | \$224.28 |
| Sales of revenue equipment and parts | | | \$843,567.24 | \$843,342.96 | 843,567.24 | 843,342.96 | | |
| Rental income | | | 190,729.85 | 161,855.93 | 190,729.85 | 161,855.93 | 1,126.08 | |
| Total operating income | 20,586,602.51 | 20,567,602.25 | 1,034,297.09 | 1,005,198.89 | 21,565,899.60 | 21,572,801.14 | | |
| Cost of Operations: | | | | | | | | |
| Equipment maintenance and garage expense | 2,263,128.85 | 2,230,023.37 | | | 2,272,503.25 | 2,230,157.28 | 33,436.97 | |
| Transportation expense | 4,665,476.75 | 4,667,389.79 | 9,464.40 | 9,133.91 | 4,665,476.75 | 4,667,389.79 | | 1,913.04 |
| Terminal expense | 5,375,652.32 | 5,371,736.32 | | | 5,375,652.32 | 5,371,736.32 | 3,916.00 | |
| Sales tariff and advertising expense | 1,737,622.90 | 735,151.44 | | | 737,622.90 | 735,151.44 | 2,471.46 | |
| Insurance and safety expense | 1,945,893.29 | 1,026,873.70 | 4,092.87 | 4,525.70 | 1,949,956.16 | 1,031,398.40 | 18,559.76 | |
| Administrative and general expense | 1,781,883.96 | 1,799,211.00 | 48,133.78 | 48,433.85 | 1,830,017.74 | 1,847,704.85 | | 17,687.11 |
| Depreciation expense | 928,514.93 | 932,660.91 | 12,647.87 | 13,853.98 | 941,162.80 | 946,554.89 | | 5,392.09 |
| Amortization chargeable to operations | 3,265.01 | 7,751.25 | | | 3,265.01 | 7,751.25 | | 4,486.24 |
| Operating taxes and licenses | 1,669,020.55 | 1,672,269.33 | 35,966.01 | 37,638.91 | 1,704,986.56 | 1,709,908.24 | 2,070.66 | |
| Operating rents—Net | 432,201.24 | 450,190.58 | | | 432,201.24 | 450,190.58 | 690.18 | |
| Cost of goods sold | | | 634,467.33 | 633,777.15 | 634,467.33 | 633,777.15 | | |
| Total cost of operations | 18,922,680.80 | 18,803,314.69 | 744,772.26 | 747,433.50 | 19,667,452.06 | 19,640,748.19 | | |
| Net operating income | 1,636,911.71 | 1,674,377.56 | 259,524.83 | 257,765.39 | 1,896,437.54 | 1,932,142.95 | | |
| Other Income: | | | | | | | | |
| Net income from noncarrier operations | 21,385.87 | 20,880.18 | | | 21,385.87 | 20,880.18 | | 505.69 |
| Interest income | 5,470.64 | 5,465.35 | | | 5,470.64 | 5,465.35 | | 5.29 |
| Other nonoperating income | 755.95 | 1,424.28 | | | 755.95 | 1,424.28 | 668.33 | |
| Total other income | 27,612.46 | 27,769.81 | | | 27,612.46 | 27,769.81 | | |
| Gross income | 1,664,524.17 | 1,702,147.37 | 259,524.83 | 257,765.39 | 1,924,050.00 | 1,959,912.76 | | |

[illegible]

NOTE.—The figures in this statement indicated "per books" are stated as they appear in the companies' books, without verification by us.

ASSOCIATED TRANSPORT, INC.

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Statement Showing the Combined Revenue and Income of the Companies Included in I. C. C. Application for the Years 1939 to 1941, as Indicated

[Carrier Companies]

| | Per books | | Fiscal year Apr. 30, 1941, as adjusted | Estimated, year 1941 | Operations per books for the 4 months Jan. 1 to Apr. 30 | | Operations for the 8 months May 1 to Dec. 31 | |
|---|-----------------|-----------------|--|-------------------------|---|----------------|---|----------------------|
| | 1939 | 1940 | | | 1940 | 1941 | 1940, per books | 1941, esti- mated |
| | | | | | | | | |
| Operating revenues | \$17,396,548.72 | \$18,705,264.41 | \$20,559,602.51 | \$24,275,035.04 | \$5,867,544.14 | \$7,656,988.81 | \$12,837,730.27 | \$16,618,640.23 |
| Expenses | | | | | | | | |
| Equipment maintenance and garage expenses | 1,976,999.42 | 2,108,187.02 | 2,263,128.85 | 2,529,918.92 | 679,931.25 | 813,556.40 | 1,428,256.77 | 3,716,392.52 |
| Transportation expense | 4,156,010.40 | 4,353,204.04 | 4,655,456.75 | 5,579,311.78 | 1,420,877.28 | 1,719,966.11 | 2,972,361.36 | 3,836,346.67 |
| Terminal expense | 4,342,675.20 | 4,915,091.65 | 5,375,452.32 | 6,208,649.51 | 1,607,134.83 | 1,967,964.72 | 3,307,956.82 | 4,210,694.79 |
| Sales tariff and advertising expense | 691,383.10 | 715,130.81 | 737,622.96 | 793,028.27 | 229,891.48 | 251,417.33 | 455,229.33 | 537,690.94 |
| Insurance and safety expense | 1,040,943.15 | 990,544.15 | 1,045,893.29 | 1,201,660.62 | 334,456.96 | 383,843.08 | 656,065.19 | 817,847.54 |
| Administrative and general expense | 1,546,550.28 | 1,749,265.35 | 1,781,883.96 | 1,820,269.35 | 534,456.96 | 585,725.86 | 1,214,761.49 | 1,244,543.49 |
| Depreciation expense | 889,908.09 | 974,751.13 | 928,514.93 | 1,017,598.26 | 327,437.20 | 396,649.32 | 647,312.53 | 710,888.96 |
| Amortization chargeable to operations | 5,364.14 | 3,916.07 | 3,265.01 | 3,734.44 | 1,203.54 | 1,270.36 | 2,712.53 | 2,404.08 |
| Operating taxes and licenses | 1,324,200.00 | 1,521,201.27 | 1,669,020.55 | 1,935,902.37 | 470,675.44 | 602,889.57 | 1,050,525.83 | 1,333,012.80 |
| Operating rents—net | 341,044.67 | 431,097.85 | 452,261.24 | 478,860.72 | 137,667.40 | 190,530.36 | 283,420.45 | 318,030.36 |
| Total expenses | 16,227,928.46 | 17,792,443.94 | 18,922,699.80 | 21,574,974.26 | 5,743,811.24 | 6,924,133.11 | 12,048,632.70 | 14,750,841.15 |
| Net operating revenue | 1,168,620.27 | 912,820.47 | 1,636,912.71 | 2,701,660.78 | 123,732.90 | 832,855.70 | 789,087.57 | 1,867,805.08 |
| Other income | 10,345.27 | 21,993.08 | 27,612.46 | 29,350.20 | 3,521.34 | 9,253.59 | 18,381.74 | 20,096.61 |
| Gross income | 1,178,965.54 | 934,723.55 | 1,664,525.17 | 2,730,010.96 | 127,254.24 | 842,109.29 | 807,469.31 | 1,887,901.69 |
| Income deductions: | | | | | | | | |
| Interest | 73,871.80 | 53,201.55 | 52,334.62 | 47,554.24 | 17,724.90 | 15,078.56 | 35,476.62 | 32,475.68 |
| Other deductions | 18,380.17 | 25,666.72 | 4,912.74 | 29,850.62 | 6,522.85 | 9,973.02 | 19,163.87 | 19,877.60 |
| Total income deductions | 92,251.97 | 78,868.27 | 56,947.36 | 77,404.86 | 24,247.75 | 25,051.58 | 54,640.49 | 52,353.28 |
| Net income before income taxes | 1,086,713.57 | 855,855.28 | 1,607,577.81 | 2,652,606.12 | 103,006.46 | 817,057.71 | 752,828.82 | 1,835,548.41 |
| Less: Provision for income taxes | 230,470.08 | 285,646.76 | 1,593,330.04 | 887,077.36 | | | 285,646.76 | 739,205.38 |
| Net Profit After Income Taxes | \$856,243.49 | \$570,188.52 | \$1,014,247.77 | \$1,765,528.76 | \$103,006.46 | \$669,185.73 | \$467,182.06 | \$1,096,343.03 |

NOTE.—The figures in this statement indicated "per books" are stated as they appear in the companies' books, without verification by us.

ASSOCIATED TRANSPORT, INC.

Proforma balance sheet as of June 30, 1941, giving effect to the adjusted assets and liabilities at April 30, 1941, of the companies included in I. C. C. application

ASSETS

| | Merging Companies | | | | | | | | Per Books | | | | | | Total merging companies before adjustments | (Decrease) adjustment, including eliminations | Total merging companies, as adjusted | Associated Transport, Inc., 6/30/41 | Giving effect transaction addition |
|---|--------------------------------|-------------------------------|-------------------------------------|--------------------------|-------------------------|----------------------|--------------------------------|---------------------------|-------------------------|---------------------------------|-------------------------------|-----------------------|------------------------------|-----------------------------|--|---|--------------------------------------|-------------------------------------|------------------------------------|
| | Consolidated Motor Lines, Inc. | McCarthy Freight System, Inc. | M. Moran Transportation Lines, Inc. | Horton Motor Lines, Inc. | Barnwell Brothers, Inc. | Transportation, Inc. | Southeastern Motor Lines, Inc. | Arrow Carrier Corporation | Total carrier companies | Southern New England Term. Inc. | Brown Equip. & Mfg. Co., Inc. | Conger Realty Company | Barnwell Wks. & Bkg. Company | Total non-carrier companies | | | | | |
| Current Assets: | | | | | | | | | | | | | | | | | | | |
| Cash | \$216,229.13 | \$55,164.81 | \$79,092.60 | \$43,614.33 | \$26,554.90 | \$5,644.87 | \$4,283.78 | \$62,432.69 | \$493,547.11 | \$1,175.56 | \$5,014.14 | \$168.41 | \$323.70 | \$6,681.81 | \$500,228.92 | \$10,182.53 | \$510,411.45 | \$36,446.39 | \$1,410,000.00 |
| Working Funds | 11,985.03 | 765.00 | 2,540.00 | 47,425.00 | 7,570.00 | 3,913.23 | 2,335.00 | 3,295.00 | 79,828.26 | | 375.00 | | | 375.00 | 80,203.26 | (14,510.35) | 65,692.91 | | |
| Special Deposits | 965.00 | 7,357.00 | 98.00 | 14,449.56 | 590.00 | 11,113.22 | 745.00 | | 35,865.28 | | 15.70 | | | 15.70 | 35,880.98 | (24,553.72) | 11,327.26 | | |
| Temporary Cash Investments | 70,034.35 | | | | | | | | 40,034.35 | | | | | | 10,034.35 | | 10,034.35 | | |
| Notes Receivable | 30,421.05 | | | 339.00 | 507.33 | | | | 37,258.38 | 350.00 | | | | 350.00 | 37,608.38 | (35,001.05) | 2,607.33 | 15,620.00 | |
| Receivables from Associated Companies | | 64,740.30 | | | | | | | 64,740.30 | | 183,916.30 | 6,077.90 | 9,164.36 | 109,158.76 | 263,893.06 | (256,364.47) | 7,528.59 | | |
| Receivables from Officers and Employees | 1,445.07 | 7,105.21 | 153,499.68 | 15,461.45 | 8,949.85 | 2,024.59 | 1,562.08 | 4,716.51 | 194,754.44 | | 497.24 | | | 497.24 | 195,251.68 | (47,543.62) | 147,708.06 | | |
| Accounts Receivable less Reserve for Uncollectible Accounts | 257,139.68 | 167,661.31 | 173,757.79 | 289,732.08 | 203,528.61 | 84,487.34 | 42,031.89 | 129,709.02 | 1,341,047.72 | 284.00 | 3,219.24 | | 140.00 | 3,643.24 | 1,344,690.96 | 27,640.79 | 1,372,331.75 | | |
| Subscribers to Capital Stock | | | | 4,955.30 | | | | | 4,955.30 | | | | | | 4,955.30 | (4,955.30) | | | 2,278.00 |
| Interest and Dividends Received | 1,405.65 | | | | | | | | 1,405.65 | | | | | | 1,405.65 | 45.93 | 1,451.58 | | |
| Material and Supplies | 125,614.57 | 31,849.95 | 32,749.90 | 113,667.18 | 62,427.81 | 30,732.41 | 8,166.08 | 14,872.63 | 419,080.53 | | 156,722.11 | | | 156,739.11 | 575,819.64 | 91,352.72 | 667,172.36 | | |
| Other Current Assets | | | | 50.39 | | | 510.00 | | 500.39 | | | | | | 500.39 | (4,500.39) | | | |
| Total Current Assets | 660,269.53 | 334,643.58 | 444,247.97 | 529,634.90 | 310,158.80 | 137,915.66 | 50,633.83 | 206,573.35 | 2,683,077.71 | 1,809.56 | 349,775.73 | 6,246.01 | 9,628.56 | 367,460.86 | 3,050,538.57 | (251,266.93) | 2,799,271.64 | 52,066.39 | 1,412,278.00 |
| Tangible Property | | | | | | | | | | | | | | | | | | | |
| Revenue Equipment (Net) | 645,321.32 | 309,777.80 | 449,573.66 | 1,275,589.46 | 294,578.50 | 212,946.39 | 69,333.00 | 355,793.90 | 3,612,924.03 | | | | 4,324.14 | 4,374.14 | 3,617,298.17 | 133,776.35 | 3,751,074.52 | | |
| Motor Trucks and Autos (Net) | 5,806.19 | 9,289.44 | 3,913.47 | 15,063.92 | 2,150.00 | 1,616.49 | 3,139.98 | 4,948.78 | 44,537.27 | | 348.09 | | | 348.09 | 44,885.36 | 3,419.54 | 48,304.90 | | |
| Buildings (Net) | | 7,500.00 | | 39,028.57 | 39,028.57 | | | 109,609.85 | 156,138.42 | 26,318.67 | | 136,858.03 | 5,476.09 | 168,652.79 | 324,791.21 | 941.40 | 325,732.61 | | |
| Furniture and Equipment (Net) | 78,540.11 | 26,166.88 | 14,777.13 | 105,681.74 | 35,103.64 | 22,034.49 | 8,507.63 | 37,476.78 | 254,824.53 | 174,974.93 | | 282,198.02 | 8,795.46 | 465,968.41 | 929,732.46 | 1,922.37 | 922,654.83 | | |
| Household Improvements (Net) | 23,851.90 | 3,781.61 | 7,236.03 | 4,883.50 | 5,568.32 | 533.66 | 5,373.84 | 1,069.05 | 52,297.91 | | 38,193.33 | | 17.82 | 38,211.15 | 366,439.05 | 43,582.26 | 410,021.31 | | |
| Total Tangible Property | 751,519.52 | 397,999.75 | 475,440.29 | 1,401,828.62 | 334,932.03 | 237,131.03 | 86,354.45 | 763,722.89 | 4,648,889.58 | 201,293.60 | 38,541.42 | 419,056.05 | 18,663.51 | 677,554.58 | 5,326,444.16 | 189,954.63 | 5,516,398.79 | | |
| Intangible Property | | | | | | | | | | | | | | | | | | | |
| Organization Expense (Net) | 306.62 | | | 2,342.86 | | 1,169.56 | | | 3,820.04 | 310.82 | 103.50 | | | 414.32 | 4,234.36 | (4,234.36) | | 8,135.61 | 90,000.00 |
| Patents (Net) | 2,305.00 | | 1,000.00 | 2,665.25 | 387.99 | 31,057.78 | 10,528.17 | 30,747.35 | 78,691.54 | | | | | | 78,691.54 | (78,691.54) | | | |
| Other Intangible Property (Net) | | | | 11,521.88 | | 32,478.32 | | | 44,000.20 | | | | | 674.16 | 44,000.20 | (44,000.20) | | | |
| Total Intangible Property | 2,611.62 | | 1,000.00 | 5,009.11 | 11,909.87 | 64,705.66 | 10,528.17 | 30,747.35 | 126,511.78 | 310.82 | 777.66 | | | 1,088.18 | 127,000.26 | (127,000.26) | | 8,135.61 | 90,000.00 |
| Investment Securities and Advances: | | | | | | | | | | | | | | | | | | | |
| Investments and Advances—Associated Companies | | 18,000.00 | | 97,706.88 | | | | | 115,706.88 | | | | | 40,300.00 | 40,300.00 | 156,006.88 | (156,006.88) | | |
| Other Investments and Advances | 98,830.64 | 47,553.11 | 6,711.26 | 17,688.44 | 8,593.29 | | 510.00 | | 179,886.74 | | | | | | 179,886.74 | (3,682.39) | 176,204.35 | | |
| Total Investment Securities and Advances | 98,830.64 | 65,553.11 | 6,711.26 | 115,395.32 | 8,593.29 | | 510.00 | | 295,593.62 | | | | | 40,300.00 | 335,893.62 | (159,689.27) | 176,204.35 | | |
| Prepayments and Other Deferred Debits: | | | | | | | | | | | | | | | | | | | |
| Prepaid Taxes | 103,965.21 | | 78,593.75 | 9,072.13 | 47,760.76 | 2,128.00 | | 37,868.14 | 278,897.99 | | | | | | 278,897.99 | 208,654.58 | 487,552.57 | | |
| Prepaid Insurance | 33,740.09 | 16,941.09 | 5,290.05 | 16,283.40 | 21,078.16 | 14,782.70 | 3,508.74 | 17,664.10 | 129,288.33 | 1,052.62 | 1,015.83 | 1,614.72 | 95.39 | 3,778.50 | 133,066.83 | 93,676.11 | 226,742.94 | | |
| Prepaid Licenses and Taxes | 26,052.09 | 7,943.55 | 19,848.44 | 28,969.56 | 4,209.58 | 15,442.87 | 4,690.94 | 20,363.23 | 130,490.26 | | 962.04 | 4,746.41 | 583.02 | 6,291.47 | 136,781.73 | (10,329.36) | 126,452.37 | | |
| Other Prepaid Expenses | 9,261.80 | 4,112.52 | 15,278.34 | 19,509.04 | 3,559.93 | 2,695.78 | 274.33 | 5,343.22 | 59,975.08 | | 149.86 | | | 149.86 | 60,124.94 | (15,345.37) | 44,779.57 | | |
| Miscellaneous Deferred Debits | 2,052.86 | | | | 308.31 | 3,625.04 | | 4,526.77 | 10,562.98 | | 484.91 | | | 484.91 | 14,047.89 | (8,983.74) | 2,064.15 | | |
| Total Prepayments and Other Deferred Debits | 177,672.14 | 28,997.19 | 118,830.58 | 73,834.13 | 76,966.74 | 38,674.39 | 8,444.01 | 85,795.46 | 609,214.64 | 1,052.62 | 2,612.64 | 6,361.13 | 678.35 | 10,704.74 | 619,919.38 | 297,672.22 | 897,591.60 | | |
| Total Assets | 1,680,903.45 | 827,154.63 | 1,046,230.10 | 2,125,702.08 | 942,660.82 | 478,426.74 | 165,470.46 | 1,086,839.05 | 8,363,287.33 | 204,466.60 | 391,708.45 | 431,663.19 | 69,270.42 | 1,097,108.66 | 9,408,395.99 | (80,929.61) | 9,327,466.38 | 60,202.00 | 1,511,278.00 |

Notes: 1. The figures in this statement indicated "per books" are stated as they appear in the companies' books, without verification by us. 2. The assets and liabilities of Consolidated Motor Lines, Inc., and McCarthy Freight System, Inc., are as of May 17, 1941. The assets and liabilities of M. Moran Transportation Lines, Inc., are as of April 26, 1941. However, the surplus of these companies has been adjusted to April 30, 1941.

ASSOCIATED TRANSPORT INC.

Pro-Forma Balance Sheet as of June 30, 1941, Giving Effect to the Adjusted Assets and Liabilities at April 30, 1941, of the Companies Included

LIABILITIES AND CAPITAL

| | Merging companies per books | | | | | | | | | | | | | Total merging companies before adjustments | Adjustments (including eliminations) (decreases) |
|---|--------------------------------|-------------------------------|-------------------------------|--------------------------|-------------------------|----------------------|--------------------------------|---------------------------|-------------------------|----------------------------------|-------------------------------|-----------------------|-----------------------------------|--|--|
| | Consolidated Motor Lines, Inc. | McCarthy Freight System, Inc. | M. Moran Transportation, Inc. | Horton Motor Lines, Inc. | Barnwell Brothers, Inc. | Transportation, Inc. | Southeastern Motor Lines, Inc. | Arrow Carrier Corporation | Total carrier companies | Southern New England Term., Inc. | Brown Equip. & Mfg. Co., Inc. | Conger Realty Company | Barnwell Wholesale & Bro. Company | Total non-carrier companies | |
| Current liabilities: | | | | | | | | | | | | | | | |
| Notes payable | | \$13,500.00 | | \$39,728.42 | \$85,127.56 | \$91,804.46 | \$21,000.00 | \$5,000.00 | \$250,160.44 | | \$27,300.00 | | | \$27,300.00 | \$26,690.44 |
| Payables to associated companies | | | | 187,307.77 | 8,164.86 | | | | 196,472.63 | | 900.00 | | | 900.00 | 197,372.63 |
| Payables to officers and employees | \$198.07 | 9,062.40 | \$17,581.90 | | 5,364.96 | 12,987.17 | | | 45,184.52 | | | | | | 45,184.52 |
| Accounts payable - trade and others | 279,559.00 | 124,731.29 | 442,359.59 | 125,726.92 | 138,629.59 | 213,602.90 | 23,304.83 | 64,373.28 | 1,412,287.91 | | 53,927.97 | \$456.10 | \$0.84 | 54,384.91 | 1,466,672.82 |
| Wages payable | 40,918.83 | 23,434.96 | 35,405.94 | 44,289.95 | 13,861.25 | 6,771.66 | | 31,714.46 | 205,346.99 | | 1,047.21 | | | 206,444.20 | 3,793 |
| Accrued interest | 604.90 | 11,931.26 | 1,342.15 | | | | | 752.54 | 27,510.86 | | | | | 27,510.86 | 1,083 |
| Interest accrued | 144,315.36 | 50,913.49 | 77,837.21 | 197,432.57 | 18,966.94 | 6,460.54 | 10,137.51 | 23,802.63 | 529,886.25 | \$369.65 | 51,359.91 | 36,409.66 | 2,531.19 | 90,670.41 | 620,556.66 |
| Dividend accrued | 832.67 | 3,497.79 | | 130.00 | 1,093.39 | | | 390.00 | 5,913.85 | 199.11 | 72.92 | 825.00 | 178.75 | 1,275.78 | 7,189.63 |
| Other accrued liabilities | \$,651.71 | 52.90 | 2,546.34 | 4,387.86 | | | | 1,244.99 | 13,863.80 | | 65.60 | | | 65.60 | 13,949.40 |
| Total current liabilities | 481,071.21 | 237,124.03 | 577,993.13 | 599,093.49 | 272,208.48 | 331,626.73 | 58,194.88 | 139,375.28 | 2,695,697.25 | 568.76 | 131,873.61 | 37,690.76 | 2,710.78 | 175,843.91 | 2,871,541.16 |
| Long-term liabilities: | | | | | | | | | | | | | | | |
| Notes payable | | | | | | | | | | 55,009.16 | | 97,706.88 | | 152,716.04 | 152,716.04 |
| Advances payable - associated companies | | 3,149.42 | 123,961.27 | | | 29,277.17 | | | 156,387.86 | | | | | 156,387.86 | (128,832.3) |
| Other advances payable | | | | | | | | | | | | | | | (53,160.5) |
| Interest on notes payable | | 3,149.42 | 123,961.27 | | | 29,277.17 | | | 156,387.86 | 55,009.16 | | 97,706.88 | | 300,103.00 | (181,963.3) |
| Long-term obligations: | | | | | | | | | | | | | | | |
| Equipment obligations | 331,515.67 | 57,530.44 | | | 106,983.47 | 107,464.37 | 300.00 | 24,797.71 | 728,591.66 | | | | | 292,533.28 | 728,591.66 |
| Other long-term obligations | 58,722.65 | 15,300.00 | | | 37,750.00 | 1,218.10 | | 12,000.00 | 124,900.75 | 117,033.28 | | 165,000.00 | 10,500.00 | 417,524.03 | 417,524.03 |
| Total equipment and other long-term obligations | 390,238.32 | 72,830.44 | | | 144,733.47 | 108,682.47 | 300.00 | 36,797.71 | 853,582.41 | 117,033.28 | | 165,000.00 | 10,500.00 | 292,533.28 | 1,146,115.69 |
| Reserves: | | | | | | | | | | | | | | | |
| Accumulated depreciation | 36,091.61 | 2,121.75 | 5,529.90 | 11,929.51 | | | | | 55,642.77 | | | | | | 55,642.77 |
| Reserve for state and Federal income taxes | | | | | | | | | | | | | | | 108,672.9 |
| Reserve for contingencies | | | | | | | | | | | | | | | 1,488.0 |
| Reserve for contingent liabilities | | | | | | | | | | | | | | | 12,000.0 |
| Total reserves | 36,091.61 | 2,121.75 | 5,529.90 | 11,929.51 | | | | | 55,642.77 | | | | | | 177,803.67 |
| Capital: | | | | | | | | | | | | | | | |
| Preferred stock: | | | | | | | | | | | | | | | |
| Preferred stock issued | | | | | | | | | | | | | | | |
| Preferred stock outstanding | | | | | | | | | | | | | | | |
| Common stock: | | | | | | | | | | | | | | | |
| Common stock issued | | | | | | | | | | | | | | | |
| Common stock outstanding | | | | | | | | | | | | | | | |
| Surplus: | | | | | | | | | | | | | | | |
| Surplus | | | | | | | | | | | | | | | |
| Retained earnings | | | | | | | | | | | | | | | |
| Unappropriated surplus | | | | | | | | | | | | | | | |
| Total capital stock and surplus | | | | | | | | | | | | | | | |
| Total liabilities and capital | | | | | | | | | | | | | | | |

The figures in this statement indicated "per books" are stated as they appear in the companies' books, without verification by us. 2. The assets and liabilities of Consolidated Motor Lines, Inc., and McCarthy Freight System, Inc., are as of May 1, 1941, and April 30, 1941, respectively. However the surplus of these companies has been adjusted to April 30, 1941. 3. The Reserve for Contingencies in the arbitrary amount of \$1,000.00 has been provided for each company. These reserves are to provide for all contingencies.

11, of the Companies Included in I. C. C. Application

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MORAN TRANSPORTATION CO., INC., ET AL.

| Barnwell Whse. & kg. Com- pany | Total non- carrier companies | Total merg- ing companies before adjustments | Adjust- ments (in- cluding elimi- nations) (decrease) | Total merg- ing companies as adjusted | Associated Transport, Inc., 6/30/41 | Giving effect transactions | | Proforma balance sheet |
|---|------------------------------------|---|---|---|--|----------------------------|----------------|---------------------------|
| | | | | | | Eliminations | Additions | |
| | \$27,500.00 | \$286,690.44 | \$3,558.73 | \$290,219.17 | | | | \$290,219.17 |
| | 900.00 | 197,372.63 | (19,171.18) | 178,201.45 | | | | 178,201.45 |
| | | 45,184.32 | 79,288.47 | 124,472.99 | | | | 124,472.99 |
| \$0.84 | 54,384.91 | 1,406,672.82 | (222,714.02) | 1,243,958.80 | | | | 1,243,958.80 |
| | 1,047.21 | 206,444.20 | 3,293.61 | 209,737.81 | | | | 209,737.81 |
| | | 27,510.86 | 1,093.51 | 28,604.37 | | | | 28,604.37 |
| 2,531.19 | 90,670.41 | 620,556.66 | 105,629.00 | 726,185.66 | | | | 726,185.66 |
| 178.75 | 1,275.78 | 7,189.63 | 6,314.70 | 13,504.33 | | | | 13,504.33 |
| | 65.60 | 13,949.49 | (1,450.82) | 12,498.67 | | | | 12,498.67 |
| 2,710.78 | 175,843.91 | 2,871,541.16 | (44,168.00) | 2,827,373.16 | | | | 2,827,373.16 |
| | 152,716.04 | 152,716.04 | (128,832.36) | 23,883.68 | | | | 23,883.68 |
| | | 156,387.86 | (53,160.85) | 103,227.01 | | | | 103,227.01 |
| | 152,716.04 | 309,103.90 | (181,993.21) | 127,110.69 | | | | 127,110.69 |
| | | 728,591.66 | 138,743.91 | 867,335.57 | | | | 867,335.57 |
| 10,500.00 | 292,533.28 | 417,524.03 | (20,118.10) | 397,405.93 | | | | 397,405.93 |
| 10,500.00 | 292,533.28 | 1,146,115.69 | 118,625.81 | 1,264,741.50 | | | | 1,264,741.50 |
| | | 55,642.77 | 19,639.74 | 75,282.51 | | | | 75,282.51 |
| | | | 108,672.98 | 108,672.98 | | | | 108,672.98 |
| | | | 1,698.79 | 1,698.79 | | | | 1,698.79 |
| | | | 12,000.00 | 12,000.00 | | | | 12,000.00 |
| | | 55,642.77 | 142,001.51 | 197,644.28 | | | | 197,644.28 |
| | | | 62,353.51 | 62,353.51 | | | | 62,353.51 |
| 13,210.78 | 621,093.23 | 4,382,403.52 | 96,819.62 | 4,479,223.14 | | | | 4,479,223.14 |
| 22,800.00 | 22,800.00 | 246,420.00 | (62,620.00) | 183,800.00 | | \$183,800.00 | \$5,404,900.00 | 5,404,900.00 |
| | | | 26,000.00 | 26,000.00 | | 26,000.00 | 110,700.00 | 110,700.00 |
| 22,800.00 | 22,800.00 | 246,420.00 | (88,620.00) | 157,800.00 | | 157,800.00 | 5,294,200.00 | 5,294,200.00 |
| 2,000.00 | 222,000.00 | 856,265.00 | (31,450.00) | 824,755.00 | 890,202.00 | 824,755.00 | 650,921.00 | 720,123.00 |
| | | 455.00 | | 455.00 | | 455.00 | 15,472.00 | 15,472.00 |
| 4,900.00 | 222,000.00 | 855,750.00 | (31,450.00) | 824,300.00 | 60,202.00 | 824,300.00 | 644,449.00 | 704,651.00 |
| | | 429,486.04 | (7,652.54) | 421,833.50 | | 421,833.50 | | |
| | | 5,520.00 | (5,520.00) | | | | | |
| 24,800.00 | 244,800.00 | 1,537,176.04 | (133,242.54) | 1,403,933.50 | 60,202.00 | 1,403,933.50 | 5,938,649.00 | 5,998,851.00 |
| | | 41,894.70 | 25,140.59 | 67,035.29 | | 67,035.29 | 472,872.24 | 472,872.24 |
| 31,259.64 | 231,215.43 | 3,498,921.73 | (89,647.28) | 3,409,274.45 | | 3,409,274.45 | | |
| 31,259.64 | 231,215.43 | 3,540,816.43 | (44,506.69) | 3,496,309.74 | | 3,496,309.74 | 472,872.24 | 472,872.24 |
| 56,059.64 | 476,015.43 | 5,077,992.47 | (177,749.23) | 4,900,243.24 | 60,202.00 | 4,900,243.24 | 6,411,521.24 | 6,471,723.24 |
| 69,270.42 | 1,007,108.66 | 9,460,395.99 | (80,929.61) | 9,379,466.38 | 60,202.00 | 4,900,243.24 | 6,411,521.24 | 10,950,946.38 |

McCarthy Freight System, Inc., are as of May 17, 1941. The assets and liabilities of M. Moran Transportation Lines. These reserves are to provide for all contingencies pursuant to contract, including those indicated in the contract and

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ASSOCIATED TRANSPORT, INC.

Summary statement of disposition of the proposed issue of preferred and common stock as of April 30, 1941¹

| | Per schedule | Per contract |
|--|--------------|-----------------------------|
| Preferred Stock: | | |
| Proposed Issue—54,049 shares, par \$100.00— | | |
| Dividend 6%. To be issued as follows: | | |
| (a) To stockholders of the following applicant companies: | | |
| Consolidated Motor Lines, Inc. | \$387,226.58 | \$387,200.00 |
| McCarthy Freight System, Inc. | 328,274.38 | 328,300.00 |
| Southern New England Terminals, Inc. | 21,408.70 | 21,400.00 |
| M. Moran Transportation Lines, Inc. | 221,414.46 | 221,400.00 |
| Horton Motor Lines, Inc. | 1,178,034.49 | 1,178,000.00 |
| Brown Equipment & Mfg. Co., Inc. | 209,033.54 | 209,000.00 |
| Conger Realty Company | 104,966.09 | 104,700.00 |
| Barnwell Brothers, Inc. | 365,976.13 | 366,000.00 |
| Barnwell Warehouse & Brokerage Co. | 122,206.03 | 122,200.00 |
| Southeastern Motor Lines, Inc. | 79,004.00 | 79,000.00 |
| Arrow Carrier Corporation | 687,685.82 | 687,700.00 |
| Total Preferred Stock to be Issued to Applicants' Stockholders | 3,904,930.22 | 3,904,900.00 |
| Less: Stock reacquired through acquisition of Barnwell Warehouse & Brokerage Co. | | 110,750.00 |
| Net Preferred Stock to be Issued to Applicants' Stockholders | | 3,794,200.00 |
| (b) For Working Capital | | 1,500,000.00 |
| Total Preferred Stock To Be Issued | | \$5,294,200.00 |
| Common Stock: | | |
| Proposed Issue—720,123 shares, Par \$1.00. To be issued as follows: | | |
| (a) To stockholders of the following applicant companies, for subscriptions and acquisition price: | | |
| Consolidated Motor Lines, Inc. | Shares 6,452 | Shares 114,620 |
| McCarthy Freight System, Inc. | 3,262 | 57,193 |
| Southern New England Terminals, Inc. | 215 | 3,771 |
| M. Moran Transportation Lines, Inc. | 2,808 | 64,356 |
| Horton Motor Lines, Inc. | 8,436 | 178,698 |
| Brown Equipment & Mfg. Co., Inc. | 2,190 | 46,094 |
| Conger Realty Company | 1,476 | 30,988 |
| Barnwell Brothers, Inc. | 2,778 | 53,039 |
| Barnwell Warehouse & Brokerage Co. | 72 | 16,876 |
| Transportation, Inc. | 275 | 8,335 |
| Southeastern Motor Lines, Inc. | 1,054 | 21,793 |
| Arrow Carrier Corporation | 2,278 | 53,880 |
| Total Common Stock to be Issued to Applicants' Stockholders | 31,240 | 648,643 |
| | | 679,883 @ \$1.00 679,883.00 |

¹See footnotes on p. 1444.

ASSOCIATED TRANSPORT, INC.

Summary statement of disposition of the proposed-issue preferred and common stock as of April 30, 1941—Continued

| | | |
|---|----------------|----------------|
| 1708 Total Preferred Stock to be Issued (Brought forward) | | \$3,294,200.00 |
| Total Common Stock to be Issued to Applicants' Stockholders | \$679,885.00 | |
| Less: Stock reacquired through acquisition of Barnwell Warehouse & Brokerage Co. | 15,472.00 | |
| Net Common Stock to be issued to Applicants' Stockholders | 664,411.00 | |
| (b) For Subscription to B. M. Seymour | 31,240.00 | |
| (c) To The Transport Company, for records, etc. | 9,000.00 | |
| Total Common Stock to be Issued | | 704,651.00 |
| Total Preferred and Common Stock to be Issued | | 5,998,851.00 |
| Assets and Liabilities acquired in consideration of the above assets | | |
| Cash (including \$1,500,000.00 for sale of preferred stock) | \$2,025,550.75 | |
| Accounts and Notes Receivable | 1,747,097.27 | |
| Inventories of Tires, Parts, and Supplies | 667,172.36 | |
| Revenue and Other Equipment (Net, after reserve for depreciation) | 4,268,011.35 | |
| Land and Buildings (Net, after depreciation reserves) | 1,248,387.44 | |
| Prepaid Tires | 487,552.57 | |
| Other Prepaid Assets | 400,009.03 | |
| Organization Expense | 107,135.61 | |
| Total Assets | 10,950,956.38 | |
| Less: Liabilities and Reserves | 4,479,223.14 | |
| Net Assets in Excess of Liabilities | | 6,471,733.24 |
| Excess of Net Assets over Preferred and Common Stock Issue, Represents unearned surplus | | 472,872.24 |

¹ This statement includes all stock subscriptions and gives effect to the disbursements of Associated Transport, Inc., to June 30, 1941.

The preferred and common stock issues, as indicated above, are based on the adjusted balance sheets and income statements, subject to such modifications as are contained in the respective company contracts.

² This stock to be cancelled upon reacquisition.

ASSOCIATED TRANSPORT, INC.

Proforma Balance Sheet as of June 30, 1941, Giving Effect to the Acquisition of the Companies Included in the I. C. C.
Application as of April 30, 1941

| ASSETS | | LIABILITIES AND CAPITAL | |
|--|----------------|----------------------------------|----------------|
| Cash | \$1,446,446.39 | Liabilities | 0 |
| Notes Receivable | 15,620.00 | Capital Stock and Surplus: | |
| Subscriptions Receivable | 2,278.00 | Preferred Stock (to be issued) | \$5,404,900.00 |
| Investments: | | Less Treasury Stock | 110,700.00 |
| Carrier Companies: | | Net Preferred Stock Outstanding | \$5,294,200.00 |
| Consolidated Motor Lines, Inc. | \$742,286.96 | Common Stock Issued | \$71,480.00 |
| McCarthy Freight System, Inc. | 422,021.83 | Common Stock (To be issued) | \$648,643.00 |
| M. Moran Transportation Lines, Inc. | 331,451.91 | Less Treasury Stock | 15,472.00 |
| Horton Motor Lines, Inc. | 1,505,342.06 | | 633,171.00 |
| Barnwell Bros., Inc. | 491,436.29 | Net Common Stock Outstanding | 704,651.00 |
| Transportation, Inc. | (48,203.12) | Total Preferred and Common Stock | 5,998,851.00 |
| Southeastern Motor Lines, Inc. | 99,811.32 | Unearned Surplus | 472,872.24 |
| Arrow Carrier Corp. | 917,887.92 | | |
| Total Carrier Companies | \$4,462,035.17 | | |
| Non-Carrier Companies: | | | |
| Southern New England Terminal, Inc. | \$29,434.98 | | |
| Brown Equipment & Mfg. Co. | 262,145.40 | | |
| Conger Realty Co. | 131,318.31 | | |
| Barnwell Wheel & Bkg. Co. | 15,309.38 | | |
| Total Non-Carrier Companies | 438,208.07 | | |
| Total Investments | 4,900,243.24 | | |
| Organization and Other Deferred Expenses | 107,135.61 | | |
| Total Assets | 6,471,723.24 | Total Capital | 6,471,723.24 |

Note:—The above investments are equal to the adjusted capital and surplus, as reflected in the adjusted balance sheets herein.

Proforma Statement of Income, Profit, and Loss Based on Estimated Operations for the Year 1941, Giving Effect to Proposed Economies and Nonrecurring Expenses

| | Estimated operations for the year 1941 per Exhibit B-6 | | Total estd. oper. for the year 1941 per Exhibit B-6 | Proposed economies | Proforma operations |
|--|--|-----------------|---|--------------------|---------------------|
| | Carrier cos. | Noncarrier cos. | | | |
| Operating revenue | \$24,275,635.04 | | \$24,275,635.04 | | \$24,275,635.04 |
| Sales | | \$914,018.80 | \$914,018.80 | | \$914,018.80 |
| Rental income | | 176,811.63 | 176,811.63 | | 176,811.63 |
| Total | 24,275,635.04 | 1,090,830.43 | 25,366,465.47 | | 25,366,465.47 |
| Expenses: | | | | | |
| Equipment, Maintenance, and Garage Expenses | 2,529,918.92 | | 2,529,918.92 | \$450,000.00 | 2,079,918.92 |
| Transportation Expenses | 3,579,311.78 | | 3,579,311.78 | | 3,579,311.78 |
| Terminal Expenses | 6,208,649.51 | 13,089.57 | 6,221,739.08 | 550,000.00 | 5,671,739.08 |
| Sales, Tariff, and Advertising Expenses | 789,098.27 | | 789,098.27 | 150,000.00 | 639,098.27 |
| Insurance and Safety Expenses | 1,201,690.62 | 5,543.18 | 1,207,233.80 | 275,000.00 | 932,233.80 |
| Administrative and General Expenses | 1,830,269.35 | 51,096.59 | 1,881,335.94 | 175,000.00 | 1,706,335.94 |
| Depreciation Expenses | 1,017,538.28 | 13,647.65 | 1,033,185.93 | | 1,033,185.93 |
| Amortization Chargeable to Operations | 3,734.44 | | 3,734.44 | | 3,734.44 |
| Operating Taxes and Licenses | 1,935,902.37 | 23,379.39 | 1,959,281.76 | | 1,959,281.76 |
| Operating Rents—Net | 478,860.72 | | 478,860.72 | | 478,860.72 |
| Total Expenses | 21,574,974.26 | 108,726.38 | 21,683,700.64 | 1,600,000.00 | 20,083,700.64 |
| Cost of Sales | | 691,654.67 | 691,654.67 | | 691,654.67 |
| Total Expenses and Cost of Sales | 21,574,974.26 | 800,381.05 | 22,375,355.31 | 1,600,000.00 | 20,775,355.31 |
| Net Operating Income | 2,700,660.78 | 290,449.38 | 2,991,110.16 | 1,600,000.00 | 4,591,110.16 |
| Other Income | 29,350.20 | | 29,350.20 | | 29,350.20 |
| Gross Income | 2,730,010.98 | 290,449.38 | 3,020,460.36 | 1,600,000.00 | 4,620,460.36 |
| Income deductions: | | | | | |
| Interest | 47,554.24 | 13,783.52 | 61,337.76 | | 61,337.76 |
| Other Deductions | 29,850.62 | | 29,850.62 | | 29,850.62 |
| Total Income Deductions | 77,404.86 | 13,783.52 | 91,188.38 | | 91,188.38 |
| Net Profit Before Taxes | 2,652,606.12 | 276,665.86 | 2,929,271.98 | 1,600,000.00 | 4,529,271.98 |
| Provision for Income Taxes | 887,077.36 | 81,591.36 | 968,668.72 | 800,000.00 | 1,768,668.72 |
| Net Profit After Taxes | 1,765,528.76 | 195,074.50 | 1,960,603.26 | 800,000.00 | 2,760,603.26 |
| Add: | | | | | |
| Nonrecurring Expenses | 187,103.68 | 5,000.00 | 192,103.68 | | 192,103.68 |
| Less: State and Federal Taxes | 72,926.79 | 1,423.40 | 74,350.19 | | 74,350.19 |
| | 114,176.89 | 3,576.60 | 117,753.49 | | 117,753.49 |
| Net Profit After Taxes Excluding Nonrecurring Expenses | 1,879,705.65 | 198,651.10 | 2,078,356.75 | 800,000.00 | 2,878,356.75 |

Taxes on proposed economies have been estimated at 50%.

ASSOCIATED TRANSPORT, INC.

Statement Showing Basis for Distribution of the Preferred and Common Stock To Be Issued to the Subscribers and Companies Included in I. C. C. A.

| Name | Net worth adjusted to Apr. 30, 1941 | Depreciation adjustments per schedule 3E | | Net worth eliminating col. 2 minus 3 | Schedule J adjust- ments, preferred stock | Total preferred stock | Adjusted net income | | Schedule I adjustments | | Total net income and net sch. I adjustments after taxes (9 plus 10) | 6% of preferred (col. 6) | Net income available for common stock (col. 11 minus (2)) | Number of common shares based on net income (half of col. 13) | Schedule J adjust- ments for common stock | | Number common shares be- on 3E adjustment (4) of minus |
|--|---|--|------------|---|---|-----------------------------|---|--|---|--|--|--------------------------------|---|---|---|----------|--|
| | | Deprecia- tion | 24% tax | | | | Before Fed. income and excess- profits taxes | After Fed. income and excess- profits taxes | Before Fed. income and excess- profits taxes | After Fed. income and excess- profits taxes | | | | | Provision | Adjusted | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Consolidated Motor Lines, Inc. | \$742,286.96 | \$10,800.19 | \$2,606.45 | \$734,033.22 | | \$587,226.58 | \$401,816.51 | \$238,809.46 | \$57,347.16 | \$25,003.36 | \$263,812.85 | \$35,233.60 | \$228,579.25 | 114,290 | Shares | Shares | |
| McCarthy Freight System, Inc. | 422,021.83 | 15,366.91 | 3,688.06 | 410,342.98 | | 328,274.38 | 202,887.24 | 125,172.73 | 16,832.50 | 7,976.17 | 133,148.90 | 19,606.46 | 113,452.46 | 56,726 | | | |
| Southern New England Terminals, Inc. | 29,434.98 | 3,518.56 | 844.45 | 26,760.87 | | 21,408.70 | 7,216.53 | 6,108.30 | 3,000.00 | 2,505.00 | 8,613.30 | 1,284.32 | 7,328.78 | 3,694 | | | |
| M. Moran Transportation Lines, Inc. | 331,451.91 | 71,932.41 | 17,268.58 | 276,768.08 | | 221,414.46 | 105,530.20 | 79,622.93 | | | 79,622.93 | 13,284.87 | 66,338.06 | 33,169 | 29,000 | 29,000 | |
| Horton Motor Lines, Inc. | 1,505,342.06 | 43,156.51 | 10,357.56 | 1,472,543.11 | | 1,178,034.49 | 511,575.91 | 380,511.53 | 48,235.00 | 35,925.43 | 425,436.96 | 70,682.20 | 354,754.76 | 177,377 | | | |
| Brown Equipment & Mfg. Co., Inc. | 262,145.40 | 1,123.00 | 269.52 | 261,292.92 | | 209,033.54 | 139,400.29 | 103,591.11 | 2,000.00 | 1,071.60 | 104,662.51 | 12,542.01 | 92,120.70 | 46,060 | | | |
| Conger Realty Company | 131,318.31 | 639.08 | 153.38 | 130,832.61 | | 104,696.00 | 94,659.41 | 68,217.75 | | | 68,217.75 | 6,279.96 | 61,937.79 | 30,969 | | | |
| Barnwell Brothers, Inc. | 491,436.29 | 44,692.28 | 10,726.15 | 457,470.16 | | 365,976.13 | 156,902.13 | 119,245.62 | 8,420.32 | 6,073.08 | 125,318.70 | 21,958.57 | 103,360.13 | 51,680 | | | |
| (1) Barnwell Warehouse & Brokerage Co. | 15,306.12 | 1,219.52 | 292.68 | 14,382.54 | \$110,700.00 | 122,206.06 | 4,021.17 | 3,424.03 | | | 3,424.03 | 690.96 | 2,733.67 | 1,367 | 17,800 | 15,452 | |
| Transportation, Inc. | (48,203.12) | | | (48,203.12) | | | (22,051.17) | (22,051.17) | | | (22,051.17) | | | | 5,500 | 5,500 | |
| (2) Southeastern Motor Lines, Inc. | 99,811.32 | 1,389.90 | 333.57 | 98,754.99 | | 79,004.00 | 51,641.51 | 36,681.75 | 15,475.00 | 8,643.02 | 45,324.77 | 4,740.24 | 40,584.53 | 20,292 | 2,000 | 1,501 | |
| Acron Carrier Corporation | 917,887.92 | 76,685.05 | 18,404.41 | 839,607.28 | | 687,685.82 | 155,027.71 | 117,821.06 | 40,793.70 | 30,565.83 | 148,376.89 | 41,261.15 | 107,115.74 | 53,558 | | | |
| Subtotal: | 4,900,243.24 | 270,003.41 | 64,944.81 | 4,664,584.64 | | | 2,808,627.44 | 1,299,155.13 | 192,103.68 | 117,753.49 | 1,383,908.62 | 227,653.94 | 1,178,305.85 | | | | |
| A. M. Seymour | | | | | | | | | | | | | | | | | |
| The Transport Company (records, etc.) | | | | | | | | | | | | | | | | | |
| Total preferred and common to be issued: | | | | | | 3,904,936.22 | | | | | | | | 589,152 | | 51,308 | 8,1 |
| Less: Preferred and common held by Barnwell Ware- house & Brokerage Co. | | | | | | 110,700.00 | | | | | | | | | | | |
| Net preferred and common to be outstanding: | | | | | | 3,794,236.22 | | | | | | | | | | | |

Note: See notes on following page.

ASSOCIATED TRANSPORT, INC.

Statement Showing Basis for Distribution of the Preferred and Common Stock To Be Issued to the Subscribers and Companies Included in I. C. C. Application

| Net worth adjusted to Apr. 30, 1941 | Depreciation adjust- ments per schedule 3E | | Net worth eliminating col. 2 minus 3 | Schedule J adjust- ments, preferred stock | Total preferred stock | Adjusted net income | | Schedule I adjustments | | Total net income and net sch. I adjustments after taxes (9 plus 10) | 6% of preferred (col. 6) | Net income available for common stock (col. 11 minus 12) | Number of common shares based on net income (half of col. 13) | Schedule J adjust- ments for common stock | | Number of common shares based on 3E net adjustments (4% of 2 minus 3) | Total common shares based on contract excluding subscription shares (cols. 14 to 17) | Subscription shares | Total com- mon shares to be issued (col. 18 and 19) | Percent to total | | | | |
|---|--|------------|---|---|-----------------------------|---|--|---|--|--|--------------------------------|--|---|---|----------|---|--|------------------------|--|---------------------|--------|---|---|---|
| | Deprecia- tion | 24% tax | | | | Before Fed. income and excess- profits taxes | After Fed. income and excess- profits taxes | Before Fed. income and excess- profits taxes | After Fed. income and excess- profits taxes | | | | | Provision | Adjusted | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | 1 | 2 | 3 | 4 |
| \$742,296.96 | \$10,990.19 | \$2,606.45 | \$734,033.22 | | \$587,226.58 | \$401,816.51 | \$238,809.49 | \$57,347.16 | \$25,003.36 | \$263,812.85 | \$35,233.60 | \$228,579.25 | 114,290 | Shares | Shares | | | | | | | | | |
| 422,021.83 | 15,366.91 | 3,688.06 | 410,342.98 | | 328,274.38 | 202,887.24 | 125,172.73 | 16,832.50 | 7,976.17 | 133,148.90 | 19,696.46 | 113,452.46 | 56,726 | | | 330 | 114,620 | 6,452 | 121,072 | 17.18 | | | | |
| 29,434.98 | 3,518.56 | 844.45 | 26,700.87 | | 21,408.70 | 7,216.53 | 6,108.30 | 3,000.00 | 2,505.00 | 8,613.36 | 1,284.52 | 7,328.78 | 3,664 | | | 467 | 57,193 | 3,477 | 64,441 | 9.14 | | | | |
| 331,451.91 | 71,932.41 | 17,268.58 | 276,768.08 | | 221,414.46 | 105,530.20 | 79,622.93 | | | 79,622.93 | 13,284.87 | 66,338.06 | 33,169 | | | 107 | 3,771 | | | | | | | |
| 1,505,342.06 | 43,156.51 | 10,357.36 | 1,472,543.11 | | 1,178,034.49 | 511,575.91 | 389,511.53 | 48,235.00 | 35,925.43 | 425,436.96 | 70,682.20 | 354,754.76 | 177,377 | 29,000 | 29,000 | 2,187 | 64,356 | 2,808 | 67,164 | 9.53 | | | | |
| 262,145.40 | 1,125.00 | 269.32 | 261,291.92 | | 209,033.54 | 139,400.29 | 103,591.11 | 2,000.00 | 1,071.60 | 104,662.71 | 12,542.01 | 92,120.70 | 46,000 | | | 1,312 | 178,699 | | | | | | | |
| 181,318.31 | 639.08 | 153.38 | 180,832.61 | | 104,696.09 | 94,650.41 | 68,217.75 | | | 68,217.75 | 6,279.96 | 61,937.79 | 30,909 | | | 34 | 46,094 | | | | | | | |
| 491,436.29 | 44,692.28 | 10,726.15 | 457,470.16 | | 365,976.13 | 156,902.13 | 119,245.62 | 8,420.32 | 6,073.08 | 125,318.70 | 21,958.57 | 103,360.13 | 51,680 | | | 19 | 30,988 | 12,102 | 267,873 | 38.01 | | | | |
| 15,396.38 | 1,219.52 | 292.08 | 14,382.54 | \$110,700.00 | 122,206.03 | 4,021.17 | 3,424.03 | | | 3,424.03 | 690.36 | 2,733.67 | 1,367 | | | 1,359 | 53,039 | 2,794 | 72,709 | 10.32 | | | | |
| (48,203.12) | | | (48,203.12) | | | (22,051.17) | (22,051.17) | | | (22,051.17) | | | | 17,800 | 15,472 | 37 | 16,876 | | | | | | | |
| 90,811.32 | 1,389.90 | 333.57 | 98,754.90 | | 79,004.00 | 51,641.51 | 36,681.75 | 15,475.00 | 8,643.02 | 45,324.77 | 4,740.24 | 40,584.53 | 20,292 | 5,500 | 5,335 | | 5,335 | 275 | 5,610 | .80 | | | | |
| 917,897.92 | 76,685.05 | 18,404.41 | 859,607.28 | | 687,685.82 | 155,027.71 | 117,821.06 | 40,793.70 | 30,555.85 | 148,376.80 | 41,261.15 | 107,115.74 | 53,558 | 2,000 | 1,501 | | 21,793 | 1,054 | 22,847 | 3.24 | | | | |
| 4,900,243.24 | 270,603.41 | 64,944.81 | 4,665,695.04 | | | 1,808,627.44 | 1,266,155.13 | 192,103.68 | 117,753.49 | 1,383,908.62 | 227,653.94 | 1,178,305.85 | | | | 2,331 | 55,889 | 2,278 | 58,167 | 8.25 | | | | |
| | | | | | | | | | | | | | | | | | | 31,240 | 679,883 | 96.48 | | | | |
| | | | | | 3,904,935.22 | | | | | | | | | | | | | 31,240 | 81,240 | 4.43 | | | | |
| | | | | | 110,700.00 | | | | | | | | | | | | | 9,000 | 9,000 | 1.28 | | | | |
| | | | | | 3,794,230.22 | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | 589,152 | | | | | | | | | | |
| | | | | | | | | | | | | | | | | 51,308 | 8,183 | 648,643 | 62,480 | 720,123 | 102.19 | | | |
| | | | | | | | | | | | | | | | | | | | 15,472 | | 2.19 | | | |
| | | | | | | | | | | | | | | | | | | | 704,651 | | 100.00 | | | |

1448

MCLEAN TRUCKING CO., INC., ET AL.

1712

ASSOCIATED TRANSPORT, INC.

Notes Supporting Statement Showing Basis for Distribution of the Preferred & Common Stock to Be Issued to the Subscribers and Companies Included in I. C. C. Application

- (1) The net worth of Barnwell Warehouse & Brokerage Co.
 at April 30, 1941, was \$55,000.38
 It includes the investment in Barnwell Brothers, Inc., at 40,300.00

Eliminating this investment leaves the above net worth of 15,300.38

Schedule J of Barnwell Warehouse contract provides that 1,390 shares of preferred and 17,800 shares of common stock are to be issued for the company subject to adjustment to the extent of 25%. The 1,390 shares of preferred and the 17,800 shares of common have been accordingly reduced to 1,222 preferred shares and 16,876 shares of common computed as follows:

| Net worth after adjustments (Pfd) and Net profit (Com.) | Com. | Pfd. |
|--|-------------|--------------|
| | \$14,382.54 | \$3,424.03 |
| 80% of net worth | 11,506.00 | |
| 6% of preferred | | 690.38 |
| Available for common stock | | 2,733.67 |
| Number of common shares to be issued for Barnwell Warehouse & Brokerage Co. profit exclusive of Barnwell Brothers, Inc. stock | | sh. 1,397 |
| Common stock to be issued for Schedule 3E adjustments | | 37 |
| Amount of preferred and common stock to be paid to Barnwell Warehouse & Brokerage Co. for its stockholdings of Barnwell Brothers, Inc. | 110,700.00 | 15,472 |
| Total stock to be issued to Barnwell Warehouse & Brokerage Co. | 122,206.00 | 16,876 |

- (2) Re: Southeastern Motor Lines, Inc.:

(a) Pursuant to Schedule J, no common stock has been allotted to this company for the depreciation adjustment eliminated from the net worth.
 (b) The reduction of the 2,000 shares of common to 1,501 shares is also in accordance with Schedule J. The adjusted profit of \$36,681.75 includes a depreciation adjustment of \$1,786.30. Deducting the taxes of \$752.97 which accrued on this depreciation adjustment leaves the net depreciation adjustment of \$998.11 appearing in the adjusted profit. Fifty percent of this increase equals 499 shares, which subtracted from the 2,000 shares leaves the 1,501 shares indicated herein.

ASSOCIATED TRANSPORT, INC.

Comparative Schedule of Revenue Equipment of the Carrier Companies Included in I. C. C. Application After Giving Effect to Contract Depreciation
Rates as of April 30, 1940 and 1941

| | | Number of vehicles | | | | | Cost | | | | | Book value | | | | |
|--------------------------------------|------|--------------------|----------|----------|--------------|-------|--------------|--------------|--------------|--------------|----------------|-------------|--------------|--------------|--------------|--------------|
| | | Trucks | Tractors | Trailers | Service cars | Total | Trucks | Tractors | Trailers | Service cars | Total | Trucks | Tractors | Trailers | Service cars | Total |
| Consolidated Motor Lines, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 100 | 207 | 292 | 23 | 631 | \$133,248.00 | \$625,031.73 | \$318,827.00 | \$12,323.02 | \$1,089,429.84 | \$39,383.40 | \$233,977.98 | \$199,508.00 | \$3,375.42 | \$476,245.80 |
| Adjusted | 1941 | 74 | 266 | 339 | 19 | 697 | 103,968.68 | 798,123.91 | 414,877.46 | 13,825.32 | 1,330,795.37 | 18,541.14 | 334,979.65 | 293,788.93 | 4,788.80 | 652,087.52 |
| Per Books | 1941 | | | | | | 109,968.68 | 798,123.91 | 414,877.46 | 13,825.32 | 1,330,795.37 | 15,883.08 | 334,816.53 | 294,621.71 | 3,806.13 | 649,127.51 |
| Average Per Adjusted | 1941 | | | | | | 1,404.96 | 3,011.78 | 1,223.83 | 727.65 | 1,909.32 | 230.56 | 1,264.08 | 896.57 | 252.04 | 935.55 |
| McCarthy Freight System, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 83 | 87 | 130 | 16 | 336 | 162,840.91 | 328,737.37 | 216,995.19 | 11,612.89 | 720,186.36 | 39,679.36 | 124,951.77 | 112,912.88 | 2,422.92 | 279,966.93 |
| Adjusted | 1941 | 71 | 107 | 186 | 16 | 380 | 137,806.42 | 362,344.95 | 268,006.20 | 16,498.42 | 784,685.99 | 21,539.56 | 144,946.58 | 159,709.67 | 10,266.54 | 336,462.35 |
| Per Books | 1941 | | | | | | 137,258.44 | 366,646.96 | 264,836.60 | 15,074.42 | 783,816.42 | 14,917.86 | 136,394.98 | 158,464.96 | 9,289.44 | 319,067.24 |
| Average Per Adjusted | 1941 | | | | | | 1,941.78 | 3,386.40 | 1,440.89 | 1,029.27 | 2,064.96 | 303.37 | 1,354.64 | 858.65 | 641.66 | 885.43 |
| M. Moran Transportation Lines, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 14 | 159 | 272 | 9 | 455 | 15,466.73 | 280,787.43 | 287,030.36 | 6,538.76 | 589,823.28 | 1,491.25 | 105,924.80 | 123,095.12 | 3,583.33 | 238,094.50 |
| Adjusted | 1941 | 8 | 214 | 338 | 14 | 574 | 7,965.19 | 371,707.50 | 436,438.79 | 7,859.84 | 823,971.32 | 428.88 | 191,907.47 | 239,815.55 | 4,234.39 | 436,386.29 |
| Per Books | 1941 | | | | | | 7,965.19 | 373,109.09 | 446,049.60 | 7,859.84 | 836,983.72 | 504.21 | 204,050.15 | 245,019.30 | 3,913.47 | 453,487.13 |
| Average Per Adjusted | 1941 | | | | | | 995.67 | 1,736.95 | 1,291.24 | 761.41 | 1,435.99 | 53.61 | 896.76 | 709.51 | 302.46 | 760.25 |
| Horton Motor Lines, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 93 | 229 | 246 | 21 | 589 | 117,017.55 | 758,274.87 | 636,329.54 | 16,768.01 | 1,528,389.97 | 58,131.99 | 543,731.19 | 517,019.55 | 11,165.68 | 1,130,048.41 |
| Adjusted | 1941 | 115 | 263 | 276 | 26 | 680 | 166,195.67 | 831,673.98 | 750,801.45 | 22,915.03 | 1,771,586.13 | 91,000.54 | 602,586.77 | 574,156.03 | 16,792.37 | 1,284,536.71 |
| Per Books | 1941 | | | | | | 173,702.83 | 799,391.51 | 783,174.43 | 22,354.64 | 1,780,623.41 | 84,745.92 | 624,779.40 | 566,074.14 | 15,663.92 | 1,291,263.38 |
| Average Per Adjusted | 1941 | | | | | | 1,445.18 | 3,162.26 | 2,720.29 | 881.35 | 2,805.27 | 791.31 | 2,291.30 | 2,080.27 | 645.89 | 1,889.02 |
| Barnwell Brothers, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 20 | 109 | 125 | 5 | 268 | 33,895.66 | 286,710.79 | 163,517.52 | 4,607.25 | 488,731.22 | 14,795.53 | 128,787.44 | 98,054.71 | 3,027.63 | 244,665.31 |
| Adjusted | 1941 | 33 | 127 | 150 | 5 | 315 | 41,560.27 | 374,101.82 | 219,788.95 | 4,641.09 | 640,092.04 | 21,136.44 | 173,121.05 | 129,148.53 | 1,986.24 | 325,392.26 |
| Per Books | 1941 | | | | | | 40,584.55 | 363,592.60 | 236,398.45 | 4,641.09 | 675,186.60 | 16,728.81 | 149,776.77 | 128,072.92 | 2,159.00 | 296,737.50 |
| Average Per Adjusted | 1941 | | | | | | 1,259.40 | 2,945.69 | 1,465.26 | 928.20 | 2,032.04 | 640.50 | 1,363.16 | 860.99 | 397.25 | 1,032.99 |
| Transportation, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 59 | 82 | 70 | 7 | 218 | 52,167.78 | 121,488.60 | 92,532.88 | 4,973.32 | 271,162.58 | 17,009.95 | 69,134.97 | 71,285.11 | 1,924.80 | 159,354.83 |
| Adjusted | 1941 | 57 | 91 | 80 | 6 | 234 | 50,672.53 | 171,704.57 | 124,062.72 | 3,406.98 | 349,846.80 | 15,399.64 | 117,529.47 | 100,193.40 | 1,794.23 | 234,906.74 |
| Per Books | 1941 | | | | | | 40,017.11 | 164,546.40 | 123,388.08 | 3,406.98 | 331,358.57 | 11,819.86 | 102,915.69 | 98,210.84 | 1,616.49 | 214,562.88 |
| Average Per Adjusted | 1941 | | | | | | 888.99 | 1,886.86 | 1,550.78 | 567.83 | 1,495.07 | 299.99 | 1,291.53 | 1,252.42 | 289.04 | 1,003.87 |
| Southeastern Motor Lines, Inc.: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 19 | 20 | 20 | 3 | 61 | 10,671.50 | 31,722.05 | 11,203.79 | 2,694.26 | 56,291.60 | 7,820.08 | 24,057.31 | 8,415.01 | 1,916.35 | 42,208.75 |
| Adjusted | 1941 | 20 | 29 | 27 | 4 | 80 | 14,877.50 | 58,153.28 | 27,352.02 | 3,626.20 | 103,989.00 | 9,242.60 | 41,156.23 | 22,959.87 | 3,034.99 | 76,393.69 |
| Per Books | 1941 | | | | | | 12,072.47 | 56,869.08 | 27,022.02 | 3,626.20 | 99,589.77 | 7,820.65 | 39,967.47 | 21,544.88 | 3,139.98 | 72,472.98 |
| Average Per Adjusted | 1941 | | | | | | 743.87 | 2,004.59 | 1,013.04 | 906.55 | 1,299.86 | 462.13 | 1,419.18 | 850.33 | 738.75 | 954.92 |
| Arrow Carrier Corporation: | | | | | | | | | | | | | | | | |
| Adjusted | 1940 | 87 | 83 | 97 | 7 | 274 | 483,280.61 | 468,678.06 | 260,330.04 | 18,566.92 | 1,230,861.63 | 43,760.99 | 285,960.46 | 172,947.24 | 2,768.34 | 505,437.03 |
| Adjusted | 1941 | 85 | 89 | 97 | 9 | 280 | 481,778.29 | 479,615.57 | 267,712.76 | 18,278.32 | 1,247,384.94 | 37,362.75 | 252,789.43 | 153,401.08 | 5,061.57 | 448,614.83 |
| Per Books | 1941 | | | | | | 482,945.71 | 474,830.68 | 267,712.76 | 18,278.32 | 1,243,767.47 | 11,390.61 | 196,011.04 | 148,392.25 | 4,948.78 | 360,742.68 |
| Average Per Adjusted | 1941 | | | | | | 5,667.98 | 5,388.93 | 2,759.92 | 2,030.91 | 4,454.94 | 439.56 | 2,840.33 | 1,581.45 | 562.30 | 1,602.19 |
| Total carrier companies: | | | | | | | | | | | | | | | | |
| Total Adjusted | 1940 | 492 | 976 | 1,273 | 91 | 2,832 | 1,008,594.74 | 2,901,430.90 | 1,986,796.41 | 78,084.43 | 5,974,876.48 | 222,072.55 | 1,516,525.92 | 1,305,238.62 | 30,184.47 | 3,074,021.56 |
| Total Adjusted | 1941 | 463 | 1,185 | 1,403 | 99 | 3,240 | 1,004,884.55 | 3,447,405.58 | 2,509,040.35 | 91,021.11 | 7,052,351.59 | 214,641.55 | 1,859,016.65 | 1,673,153.06 | 47,990.13 | 3,794,771.39 |
| Total Per Books | 1941 | | | | | | 998,514.98 | 3,429,110.23 | 2,565,429.40 | 89,096.72 | 7,082,121.33 | 163,811.00 | 1,788,712.03 | 1,660,401.00 | 44,537.27 | 3,657,461.30 |
| Total Average Per Adjusted | 1941 | | | | | | 2,170.39 | 2,909.21 | 1,680.53 | 919.42 | 2,176.65 | 463.59 | 1,568.79 | 1,120.78 | 484.44 | 1,171.23 |

Schedule of Profit on Sales and Trades of Revenue Equipment by the Companies Included in I. C. C. Application for the Twelve Months Ended April 30, 1941, as Adjusted and Per Books

| Name | Number of— | | Profit on— | | Average profit | | Total book value of equipment | | Total allowance for equipment | |
|---|------------|-------|-------------|------------|----------------|----------|-------------------------------|-------------|-------------------------------|-------------|
| | Trades | Sales | Trades | Sales | Trades | Sales | Trades | * Sales | Trades | Rates |
| Consolidated Motor Lines—Per Books | 125 | 32 | \$40,524.97 | \$5,094.49 | \$234.20 | \$153.89 | \$18,030.03 | \$21,445.49 | \$53,355.00 | \$26,929.98 |
| Consolidated Motor Lines—Adjusted | 125 | 21 | 34,444.53 | 4,805.92 | 275.56 | 219.47 | 24,118.87 | 19,671.95 | 58,355.00 | 24,479.98 |
| Adjusted Average per Unit | | | | | | | 195.39 | 995.24 | | |
| McCarthy Freight System, Inc.—Per Books | 30 | 30 | 14,855.41 | 2,323.69 | 495.21 | 77.45 | 9,021.59 | 5,023.40 | 22,878.00 | 1,165.71 |
| McCarthy Freight System, Inc.—Adjusted | 30 | 30 | 6,517.45 | 2,017.15 | 217.25 | 67.34 | 12,383.55 | 5,453.05 | 18,901.00 | 10,470.21 |
| Adjusted Average per Unit | | | | | | | 411.75 | 251.77 | 600.03 | 340.01 |
| M. Moran Transportation Lines—Per Books | | 51 | | \$,010.38 | 98.24 | 98.24 | | 9,154.04 | | 14,164.43 |
| M. Moran Transportation Lines—Adjusted | | 52 | | (3,004.40) | (57.78) | (57.78) | | 18,050.17 | | 15,044.77 |
| Adjusted Average per Unit | | | | | | | | 347.29 | | 290.51 |
| Horton Motor Lines, Inc.—Per Books | 9 | 73 | 1,515.52 | 4,613.54 | 198.50 | 63.20 | 3,975.45 | 13,023.91 | 5,492.00 | 17,087.45 |
| Horton Motor Lines, Inc.—Adjusted | 9 | 73 | 1,369.54 | (6,669.37) | 154.39 | (91.36) | 6,102.49 | 24,395.52 | 5,492.00 | 17,641.61 |
| Adjusted Average per Unit | | | | | | | 450.83 | 332.97 | 610.22 | |
| Barnwell Brothers, Inc.—Per Books | | 26 | | 271.64 | | 10.45 | | 7,490.21 | | 7,761.85 |
| Barnwell Brothers, Inc.—Adjusted | | 14 | | 1,019.55 | | 108.54 | | 6,242.80 | | 7,761.85 |
| Adjusted Average per Unit | | | | | | | | 445.98 | | 594.43 |
| Transportation, Inc.—Per Books | 47 | | 7,157.23 | | 152.28 | | 7,585.12 | | 14,742.34 | |
| Transportation, Inc.—Adjusted | 47 | | (4,994.39) | | (104.99) | | 18,676.73 | | 14,742.34 | |
| Adjusted Average per Unit | | | | | | | 418.65 | | 313.67 | |
| Southeastern Motor Lines—Per Books | 5 | | 1,020.75 | | 204.15 | | 1,594.10 | | 2,524.85 | |
| Southeastern Motor Lines—Adjusted | 5 | | 1,367.91 | | 279.58 | | 1,126.94 | | 2,524.85 | |
| Adjusted Average per Unit | | | | | | | 235.39 | | 504.97 | |
| Arrow Carrier Corporation—Per Books | 4 | 2 | (200.17) | 2,986.94 | (72.54) | 1,493.47 | 2,137.17 | 9,987.68 | 1,847.00 | 12,874.00 |
| Arrow Carrier Corporation—Adjusted | 4 | 2 | 328.54 | 1,501.92 | 82.14 | 750.96 | 1,518.46 | 11,372.08 | 1,847.00 | 12,874.00 |
| Adjusted Average per Unit | | | | | | | 379.62 | 5,668.04 | 461.75 | 6,437.00 |
| Total—Per Books | 220 | 214 | 64,755.70 | 20,290.68 | 294.48 | 94.52 | 42,253.49 | 69,024.11 | 107,039.19 | 89,314.79 |
| Total—Adjusted | 220 | 192 | 39,143.58 | (26.23) | 177.93 | (.14) | 62,918.61 | 185,304.49 | 102,082.19 | 86,278.26 |

ASSOCIATED TRANSPORT, INC.

Comparative Statement of Revenue, Depreciation, and Net Income Before and After Taxes of the Companies Included in I. C. C. Application for the Years 1932 to 1941, inclusive

| | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | Fiscal year 1941 | | Year 1941 estimated | 4 months ended Apr. 30th. | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|---------------------|---------------------------|----------------|
| | | | | | | | | | | Per books | Adjusted | | 1940 | 1941 |
| Consolidated Motor Lines, Inc.: | | | | | | | | | | | | | | |
| Revenue | \$1,218,996.57 | \$1,394,231.29 | \$1,677,121.04 | \$1,869,226.69 | \$2,156,126.91 | \$2,778,533.73 | \$3,767,746.25 | \$4,511,455.85 | \$4,565,539.36 | \$5,082,633.66 | \$5,082,725.36 | \$5,753,670.92 | \$1,578,776.52 | \$2,075,670.92 |
| Depreciation—net | 75,234.52 | 78,839.97 | 90,545.85 | 55,779.65 | 109,298.78 | 170,641.54 | 185,022.19 | 193,351.32 | 197,283.41 | 173,088.80 | 178,536.30 | 190,790.32 | 78,773.95 | 55,189.32 |
| Net Income Before Taxes | 4,637.89 | (80,432.17) | (9,894.11) | 60,237.08 | (30,721.59) | (121,200.34) | 87,190.15 | 86,108.48 | 188,063.00 | 433,264.03 | 401,816.51 | 651,433.30 | 16,902.27 | 262,083.30 |
| Net Income After Taxes | 4,202.91 | (80,432.17) | (9,894.11) | 52,047.33 | (30,721.59) | (121,200.34) | 70,568.91 | 71,971.42 | 120,331.54 | 306,635.95 | 288,808.49 | 378,254.71 | 16,902.27 | 238,196.46 |
| McCarthy Freight System, Inc.: | | | | | | | | | | | | | | |
| Revenue | 439,612.76 | 474,661.71 | 587,092.23 | 725,328.43 | 896,699.55 | 954,345.65 | 1,197,622.26 | 1,682,304.81 | 1,901,634.04 | 2,135,154.59 | 2,133,992.56 | 2,472,990.53 | 532,385.15 | 698,772.43 |
| Depreciation—net | 49,441.72 | 50,290.05 | 57,783.01 | 62,511.34 | 81,432.09 | 85,215.60 | 90,637.35 | 106,737.59 | 114,389.57 | 80,906.36 | 110,682.65 | 129,218.48 | 35,647.16 | 22,405.48 |
| Net Income Before Taxes | 6,544.29 | (6,013.66) | (2,356.46) | 20,624.20 | 44,734.39 | (39,863.36) | 20,297.00 | 81,891.72 | 132,898.28 | 214,600.37 | 202,887.24 | 238,772.96 | 15,116.77 | 79,357.96 |
| Net Income After Taxes | 4,882.95 | (6,013.66) | (2,636.24) | 14,817.05 | 39,857.27 | (39,853.36) | 17,397.00 | 68,448.04 | 88,291.02 | 170,162.16 | 125,172.73 | 155,906.05 | 15,116.77 | 79,357.96 |
| M. Moran Transportation Lines, Inc.: | | | | | | | | | | | | | | |
| Revenue | 517,905.36 | 693,713.40 | 824,162.48 | 1,241,658.80 | 1,768,395.23 | 2,193,951.80 | 1,946,182.53 | 2,535,316.43 | 2,914,859.57 | 3,018,608.42 | 3,018,234.37 | 3,712,604.41 | 836,331.66 | 1,040,080.41 |
| Depreciation—net | 20,157.10 | 45,779.02 | 54,908.42 | 73,766.35 | 120,901.70 | 168,349.02 | 127,275.09 | 112,781.47 | 118,388.72 | 113,503.05 | 116,467.87 | 190,105.36 | 34,690.20 | 49,105.36 |
| Net Income Before Taxes | 26,411.80 | (26,765.04) | 2,949.11 | 37,220.09 | (1,683.23) | (48,250.77) | 24,951.17 | 85,582.65 | 54,222.95 | 122,239.05 | 105,530.20 | 171,275.99 | (3,255.00) | 10,979.99 |
| Net Income After Taxes | 25,367.42 | (26,765.04) | 2,543.61 | 32,102.33 | (1,683.23) | (48,250.77) | 21,433.36 | 67,830.01 | 39,954.21 | 92,239.05 | 79,622.93 | 115,025.45 | (3,255.00) | 7,269.35 |
| Horton Motor Lines, Inc. (19 Months ended 2-31-38): | | | | | | | | | | | | | | |
| Revenue | 253,354.40 | 497,027.47 | 657,159.95 | 880,953.79 | 1,200,859.65 | 2,654,719.18 | 2,813,477.23 | 3,825,663.40 | 4,290,093.09 | 4,716,637.83 | 4,718,697.66 | 5,775,076.35 | 1,300,152.36 | 1,705,696.52 |
| Depreciation—net | 27,097.08 | 44,262.25 | 55,545.03 | 62,573.76 | 77,350.22 | 202,243.78 | 181,782.80 | 235,067.87 | 256,854.71 | 249,967.72 | 249,825.07 | 237,200.92 | 89,707.07 | 82,840.08 |
| Net Income Before Taxes | 12,519.48 | 30,465.99 | (1,244.54) | 74,506.03 | 164,814.79 | 148,120.60 | 334,509.03 | 503,244.47 | 308,907.81 | 492,514.80 | 511,575.91 | 908,572.82 | 70,450.58 | 266,628.54 |
| Net Income After Taxes | 8,303.61 | 13,514.31 | (6,003.42) | 63,100.43 | 136,648.63 | 107,263.36 | 265,390.65 | 302,540.95 | 197,084.45 | 334,837.80 | 389,511.33 | 674,614.89 | 70,450.58 | 208,204.08 |
| Barnwell Brothers, Inc.: | | | | | | | | | | | | | | |
| Revenue | 346,466.69 | 485,365.65 | 563,064.51 | 755,766.76 | 1,076,070.32 | 1,100,453.94 | 1,385,252.70 | 1,879,089.51 | 2,066,670.71 | 2,258,022.84 | 2,256,673.50 | 2,583,836.20 | 641,454.07 | 832,836.20 |
| Depreciation—net | 20,091.10 | 36,905.52 | 37,152.50 | 47,855.85 | 82,711.24 | 97,196.58 | 77,869.81 | 86,861.13 | 114,617.60 | 120,696.59 | 94,543.04 | 105,354.13 | 29,273.14 | 35,354.13 |
| Net Income Before Taxes | 3,190.87 | 19,074.69 | 1,935.18 | 43,520.37 | 54,626.09 | (43,560.91) | 470,622.07 | 100,007.59 | 84,044.75 | 129,663.39 | 156,602.13 | 300,153.64 | (3,728.79) | 94,153.64 |
| Net Income After Taxes | 2,473.62 | 15,087.37 | 1,535.24 | 34,346.26 | 47,053.31 | (43,560.91) | 54,343.64 | 123,409.88 | 67,845.01 | 119,245.62 | 119,245.62 | 216,482.82 | (3,728.79) | 67,907.83 |
| Transportation, Inc.: | | | | | | | | | | | | | | |
| Revenue | (?) | (?) | (?) | (?) | (?) | 619,919.38 | 750,483.12 | 1,063,736.80 | 1,207,691.78 | 1,339,181.94 | 1,331,850.14 | 1,716,820.86 | 370,045.07 | 501,535.63 |
| Depreciation—net | (?) | (?) | (?) | (?) | (?) | 47,553.04 | 44,564.27 | 46,020.62 | 56,259.48 | 61,565.53 | 58,496.92 | 79,212.86 | 19,616.88 | 24,762.88 |
| Net Income Before Taxes | (?) | (?) | (?) | (?) | (?) | (93,560.03) | 355.97 | (13,317.00) | (41,563.60) | (12,789.70) | (22,051.17) | 35,019.77 | (22,601.03) | 6,192.87 |
| Net Income After Taxes | (?) | (?) | (?) | (?) | (?) | (93,560.03) | 335.60 | (13,601.20) | (41,562.60) | (12,789.70) | (22,051.17) | 27,538.37 | (22,601.03) | 5,031.47 |
| 1516 Southeastern Motor Lines, Inc.: | | | | | | | | | | | | | | |
| Revenue | (?) | (?) | (?) | (?) | (?) | 183,251.63 | 308,304.44 | 430,774.03 | 478,486.08 | 478,511.39 | 543,459.21 | 134,441.02 | 181,153.07 | 250,520.52 |
| Depreciation—net | (?) | (?) | (?) | (?) | (?) | 2,696.83 | 9,134.33 | 14,798.78 | 16,296.04 | 14,086.72 | 17,911.56 | 4,485.26 | 4,485.26 | 5,970.52 |
| Net Income Before Taxes | (?) | (?) | (?) | (?) | (?) | 9,412.39 | 35,761.29 | 36,067.97 | 46,870.43 | 51,641.51 | 70,674.60 | 15,802.16 | 26,568.20 | 26,568.20 |
| Net Income After Taxes | (?) | (?) | (?) | (?) | (?) | 8,008.40 | 28,509.76 | 27,405.38 | 38,361.42 | 39,681.75 | 60,552.46 | 15,802.16 | 26,568.20 | 26,568.20 |
| Arrow Carrier Corporation: | | | | | | | | | | | | | | |
| Revenue | 686,018.93 | 724,836.82 | 783,320.07 | 790,291.61 | 860,110.70 | 979,645.35 | 1,000,115.56 | 1,510,477.48 | 1,468,001.13 | 1,558,936.89 | 1,558,917.51 | 1,718,976.66 | 475,107.87 | 566,043.63 |
| Depreciation—net | 63,833.12 | 73,362.57 | 81,426.43 | 79,325.14 | 91,970.48 | 64,613.48 | 80,341.05 | 99,973.76 | 102,059.86 | 88,107.80 | 105,121.37 | 94,745.65 | 34,973.61 | 31,021.55 |
| Net Income Before Taxes | 38,244.56 | 61,674.20 | 77,792.07 | 53,524.37 | 6,565.94 | (23,181.52) | 38,833.28 | 147,134.77 | 92,564.17 | 147,907.98 | 155,027.71 | 196,703.04 | 16,319.40 | 71,063.21 |
| Net Income After Taxes | 32,580.75 | 49,982.67 | 66,907.45 | 45,805.05 | 5,582.79 | (23,181.92) | 30,595.94 | 117,134.03 | 70,690.51 | 126,004.32 | 137,821.06 | 137,094.31 | 16,319.40 | 71,063.21 |
| Totals: | | | | | | | | | | | | | | |
| Revenue | 3,443,025.31 | 4,200,836.34 | 5,092,520.82 | 6,263,226.08 | 8,018,262.36 | 11,281,509.03 | 13,104,131.26 | 17,396,548.72 | 18,705,294.41 | 20,567,692.25 | 20,559,692.51 | 24,275,635.04 | 5,867,544.14 | 7,650,988.81 |
| Depreciation—net | 255,514.64 | 329,369.38 | 367,361.24 | 383,811.49 | 563,679.51 | 840,913.04 | 790,219.39 | 889,908.09 | 974,751.13 | 832,879.91 | 928,514.97 | 1,017,538.28 | 327,437.20 | 306,649.32 |
| Net Income Before Taxes | 94,538.35 | (11,995.99) | 69,181.19 | 289,632.14 | 238,336.39 | (221,496.73) | 589,171.06 | 1,086,713.57 | 855,835.28 | 1,623,609.35 | 1,563,330.04 | 2,652,066.12 | 103,006.46 | 817,057.71 |
| Net Income After Taxes | 77,811.26 | (34,626.72) | 52,452.53 | 242,218.47 | 196,737.18 | (263,343.97) | 498,005.69 | 856,243.49 | 570,188.52 | 1,221,168.44 | 1,084,813.94 | 1,765,528.76 | 103,006.46 | 699,185.73 |

Horton Motor Lines, Inc. changed their fiscal year from August 31 to March 31, and consequently included 19 months in this period.

Not available for years prior to 1937.

Southeastern Motor Lines, Inc. commenced operating March 1, 1938.

NOTE: Depreciation has been reduced by the profit on sales or trades of equipment.

ASSOCIATED TRANSPORT, INC.

1452

Schedule of Employees of the Companies Included in I. C. C. Application as of April 30, 1941

| | Consolidated Motor Lines, Inc. | McCarthy Freight System, Inc. | M. Moran Transportation Lines, Inc. | Horton Motor Lines, Inc. | Barwell Bros. Inc. | Transportation Inc. | Southeastern Motor Lines Inc. | Arrow Carriers Corp. | Total |
|---|--------------------------------|-------------------------------|-------------------------------------|--------------------------|--------------------|---------------------|-------------------------------|----------------------|-------|
| Equipment, Maintenance, and Garage Wages..... | 101 | 49 | 58 | 79 | 48 | 44 | 8 | 29 | 416 |
| Transportation Wages..... | 245 | 315 | 303 | 303 | 232 | 167 | 54 | 87 | 1,798 |
| Terminal Salaries and Wages..... | 970 | 266 | 388 | 541 | 178 | 273 | 61 | 325 | 2,941 |
| Sales, Tariff, and Advertising Salaries..... | 34 | 16 | 14 | 19 | 57 | 15 | 3 | 7 | 218 |
| Insurance and Safety Salaries..... | 15 | 4 | 3 | 18 | 3 | 3 | | 2 | 48 |
| Administrative Salaries..... | 99 | 42 | 52 | 87 | 47 | 28 | 16 | 37 | 408 |
| Other Salaries and Wages..... | | | | 20 | | | | | 20 |
| | 1,464 | 677 | 796 | 1,109 | 545 | 530 | 142 | 487 | 5,816 |

McLEAN TRUCKING CO., INC., ET AL.

CONSOLIDATED MOTOR LINES, INC. (CONN.) AND SUBSIDIARIES

Consolidating Balance Sheet as of May 17, 1941 (Capital and Surplus Adjusted to April 30, 1941)

ASSETS

| | Consolidated | Eliminations | Consolidated Motor Lines, Inc. (Conn.) | Consolidated Motor Lines of Mass., Inc. | United Sales & Mfg. Corporation | United Automobile Express, Inc. ¹ |
|--|--------------|--------------|--|---|---------------------------------|--|
| CURRENT ASSETS | | | | | | |
| 1040 Cash | \$215,229.13 | | \$208,561.44 | | \$7,667.69 | |
| 1020 Working Funds | 17,985.03 | | 11,990.00 | | 59.03 | |
| 1060 Special Deposits | 17,985.03 | | 990.00 | | | |
| 1090 Temporary Cash Investments—Unpledged | 10,034.35 | | 10,034.35 | | | |
| 1080 Notes Receivable | 420.00 | | 420.00 | | | |
| 1100 Accounts Receivable—Associated Companies | | \$11,493.24 | 328.94 | | 11,164.30 | |
| 1120 Accounts Receivable—Officers, Stockholders, and Employees | 2,068.46 | | 1,968.04 | | 100.42 | |
| 1120 Accounts Receivable—Trade and Others | 296,127.74 | | 296,127.74 | | 470.44 | |
| 2820 Less Reserve for Uncollectible Accounts | 8,268.10 | | 8,268.00 | | | |
| 1120 Accounts Receivable—Trade and Others, Net | 287,859.64 | | 287,859.74 | | | |
| 1160 Interest Receivable | 1,403.70 | | 1,404.70 | | | |
| 1180 Material and Supplies | 121,789.94 | | 76,846.85 | | 44,943.09 | |
| Total Current Assets | 632,753.37 | 11,493.24 | 590,969.06 | | 64,277.55 | |
| TANGIBLE PROPERTY | | | | | | |
| 1220 Revenue Equipment | 1,316,970.05 | | 841,783.03 | \$475,187.02 | | |
| 2221 Less Reserve for Depreciation and Amortization | 669,680.53 | | 467,466.41 | 262,223.92 | | |
| Revenue Equipment Net | 647,289.52 | | 374,316.62 | 212,963.10 | | |
| 1231 Service Trucks and Autos | 13,825.32 | | 12,573.92 | 1,251.40 | | |
| 2231 Less Reserve for Depreciation and Amortization | 9,036.52 | | 8,460.31 | 636.21 | | |
| Service Trucks and Autos Net | 4,788.80 | | 4,113.61 | 615.19 | | |
| 1241 Furniture and Equipment | 130,048.82 | | 126,478.53 | | 3,570.29 | |
| 2241 Less Reserve for Depreciation and Amortization | | | | | | |

¹ Discontinued its operation March 1, 1941.

NOTE.—Contingent Receivable based on claim for refund of \$3,556.97 for income taxes paid in prior years.

CONSOLIDATED MOTOR LINES, INC. (CONN.) AND SUBSIDIARIES—Continued
Consolidating Balance Sheet as of May 17, 1941 (Capital and Surplus Adjusted to April 30, 1941)—Continued
ASSETS—continued

| | Consolidated | Eliminations | Consolidated Motor Lines, Inc. (Conn.) | Consolidated Motor Lines of Mass., Inc. | United Sales & Mfg. Corporation | United Arthur Express, Inc. |
|--|--------------|----------------|--|---|---------------------------------|-----------------------------|
| 2561 Less Reserve for Depreciation and Amortization..... | \$47,706.85 | | \$41,821.49 | | \$2,885.36 | |
| 1271- Furniture and Equipment Net..... | 82,341.97 | | 81,657.04 | | 684.93 | |
| 2571 Leasehold Improvements—Net..... | 27,973.17 | | 27,973.17 | | | |
| Total Tangible Property..... | 702,393.66 | | 546,130.44 | \$213,378.29 | 684.93 | |
| INVESTMENTS AND ADVANCES | | | | | | |
| 1600 Affiliated Companies..... | | \$1,560,185.36 | 874,133.56 | 483,255.77 | | \$211,706.03 |
| 1600 Other Investments and Advances..... | 98,830.64 | | 98,830.64 | | | |
| Total Investments and Advances..... | 98,830.64 | 1,560,185.36 | 972,964.20 | 483,255.77 | | 211,706.03 |
| PREPAYMENTS AND OTHER DEFERRED DEBITS | | | | | | |
| 1800 Prepaid Taxes..... | 103,429.92 | | 102,429.92 | | | |
| 1800 Prepaid Insurance..... | 33,023.65 | | 33,023.65 | | | |
| 1800 Prepaid Licenses and Taxes..... | 29,032.09 | | 29,032.09 | | | |
| 1800 Other Prepaid Expenses..... | 5,998.26 | | 5,998.35 | | 28.45 | |
| 1800 Miscellaneous Deferred Debits..... | 1,167.48 | | 1,167.48 | | | |
| Total Prepayments and Deferred Debits..... | 172,671.34 | | 172,642.49 | | 28.45 | |
| Total assets..... | 1,696,649.01 | 1,560,679.60 | 2,293,706.19 | 694,834.03 | 64,901.33 | 211,706.03 |

LIABILITIES AND CAPITAL

| 1719 | | | | | |
|--|------------|-------------|--|-------------|-----------|
| CURRENT LIABILITIES | | | | | |
| 2000 Accounts Payable—Associated Companies..... | | \$11,463.24 | | \$11,164.30 | \$228.94 |
| 2000 Accounts Payable—Others and Stockholders..... | \$156.07 | | | 188.07 | |
| 2000 Accounts Payable—Trade and Other..... | 237,593.62 | | | 204,365.84 | 33,187.78 |

| | | | | | |
|--|--------------|--------------|--------------|-------------|--------------|
| 2070 Wages Payable | 49,918.93 | 11,493.24 | 49,998.10 | 36.73 | |
| 2080 C. O. D.'s Unremitted | 103,614.99 | | 153,294.46 | 6,998.70 | \$330.25 |
| 2120 Taxes Accrued | 832.07 | | 5,093.90 | | |
| 2150 Interest Accrued | 5,093.90 | | | | |
| 2190 Other Accrued Liabilities | 457,391.69 | | | | |
| Total Current Liabilities | | 11,493.24 | 425,492.35 | 2,311.11 | 40,542.34 |
| EQUIPMENT AND OTHER LONG-TERM OBLIGATIONS | | | | | |
| 2300 Equipment Obligations—Due within one year | 87,915.13 | | 87,915.13 | | |
| 2340 Equipment Obligations—Due after one year | 243,000.54 | | 243,000.54 | | |
| 2360 Other Long-Term Obligations—Due within one year | 4,431.57 | | 4,431.57 | | |
| 2390 Other Long-Term Obligations—Due after one year | 54,291.08 | | 54,291.08 | | |
| Total Equipment and Other Long-Term Obligations | 390,238.32 | | 390,238.32 | | |
| Advances from Affiliated Companies | | 1,544,985.36 | 695,031.80 | 695,030.73 | 159,912.81 |
| RESERVES | | | | | |
| 2680 Injuries, Loss and Damage Reserves | 39,202.98 | | 39,202.98 | | |
| 2685 Reserve for State and Federal Income Taxes | 8,832.07 | | 8,832.07 | | |
| 2690 Reserve for Contingent Liabilities | 1,000.00 | | 1,000.00 | | |
| Total Reserves | 49,035.05 | | 49,035.05 | | |
| Deferred Income (5/1 to 5/17/41) | 47,706.99 | | 46,112.50 | 900.13 | |
| Total Liabilities and Reserves | 944,362.05 | 1,555,478.60 | 1,604,920.02 | 692,986.22 | 41,532.37 |
| CAPITAL STOCK | | | | | |
| 2710 Common Capital Stock | 10,995.00 | (A)24,890.30 | 10,995.00 | (A)2,300.00 | (A)16,590.00 |
| 2720 Premiums and Assessments on Capital Stock | 411,833.50 | 4,140.00 | 415,973.50 | | |
| Total Capital Stock | 422,828.50 | 29,030.30 | 426,968.50 | 2,300.00 | 6,000.00 |
| UNAPPROPRIATED SURPLUS | | | | | |
| 2830 Earned Surplus | 319,458.46 | (4,800.00) | 300,817.67 | 1,697.84 | 17,438.96 |
| Total Capital and Surplus | 742,286.96 | 24,230.30 | 687,786.17 | 3,897.84 | 23,438.96 |
| Total Liabilities and Capital | 1,686,649.01 | 1,580,678.00 | 2,293,706.19 | 696,884.06 | 64,991.33 |
| | | | | | 211,796.03 |

United Labour Express, Inc. discontinued its operation March 1, 1941.

Notes.—1. Deferred Income represents the profit from operations for the period from May 1, 1941 to May 17, 1941. 2. The liability for federal income and excess profits taxes has been computed to April 30, 1941. 3. The Reserve for Contingent Liabilities in the amount of \$1,000 is arbitrary, and is to provide for all contingencies pursuant to contract, including those indicated in the contract and attached schedule.

1720 CONSOLIDATED MOTOR LINES, INC. (CONN.) AND SUBSIDIARIES
Consolidated Statement of Income, Profit, and Loss, as Adjusted
for the Fiscal Year Ended April 30, 1941

| | Consolidated | Consolidated Motor Lines, Inc. (Conn.) | Consoli- dated Motor Lines of Mass. Inc. | United Sales & Mfg. Cor- poration | United Arbour Express, Inc. ¹ |
|--|----------------|--|--|--|---|
| 3000 Operating Revenues | \$5,062,725.36 | \$5,036,090.38 | | | \$26,634.98 |
| Expenses: | | | | | |
| 4100 Equipment Maintenance and Garage Expense | 488,739.62 | 485,614.07 | | | 3,125.62 |
| 4200 Transportation Expense | 857,941.17 | 842,432.44 | | | 15,498.73 |
| 4300 Terminal Expense | 1,945,022.93 | 1,944,205.67 | | | 817.26 |
| 4400 Sales, Tariff, and Adver- tising Expense | 129,299.72 | 129,299.72 | | | |
| 4500 Insurance and Safety Ex- pense | 252,410.64 | 251,786.80 | | | 623.84 |
| 4600 Administrative and General Expense | 345,582.48 | 345,399.64 | | | 182.84 |
| 5000 Depreciation Expenses | 178,559.30 | 106,742.49 | \$70,885.80 | | 931.01 |
| 5200 Operating Taxes and Licenses | 318,580.11 | 303,425.43 | 13,668.98 | | 1,485.70 |
| 5300 Operating Rents, Net | 121,734.28 | 209,374.91 | (88,300.00) | | 659.37 |
| Total Expenses | 4,637,870.32 | 4,618,301.17 | (3,745.22) | | 23,314.37 |
| Net Operating Revenue | 424,855.04 | 417,789.21 | 3,745.22 | | 3,320.61 |
| Other Income: | | | | | |
| 6000 Net Income from Non- carrier Operations | 21,879.37 | | | \$21,879.37 | |
| 6200 Interest Income | 1,962.93 | 1,962.93 | | | |
| 6500 Other Nonoperating In- come | 432.28 | 432.28 | | | |
| Total Other Income | 24,274.58 | 2,395.21 | | 21,879.37 | |
| Gross Income | 449,129.62 | 420,184.42 | 3,745.22 | 21,879.37 | 3,320.61 |
| Income Deductions: | | | | | |
| 7000 Interest on Long Term Obligations | 12,439.60 | 12,439.60 | | | |
| 7100 Other Interest Deduc- tions | 745.38 | 745.38 | | | |
| 7500 Other Deductions | 69.53 | 69.53 | | | |
| Total Income Deduc- tions | 13,254.51 | 13,254.51 | | | |
| Net Profit before Fed- eral Income Taxes | 435,875.11 | 406,929.91 | 3,745.22 | 21,879.37 | 3,320.61 |
| Adjustment of Profit from period to calendar month basis as of April 30, 1941 | (34,038.60) | (33,252.76) | (602.67) | (316.27) | 113.10 |
| Adjusted Net Profit before Federal In- come Taxes | 401,836.51 | 373,677.15 | 3,142.55 | 21,563.10 | 3,433.71 |
| 8000 Provision for Federal Income Taxes | 97,249.06 | 92,762.68 | 466.67 | 3,509.80 | 569.91 |
| 8020 Provision for Federal Excess Profits Taxes | 65,757.96 | 62,634.72 | | 3,123.24 | |
| Net Profit after Income Taxes | 238,829.49 | 218,279.75 | 2,675.88 | 14,930.06 | 2,923.80 |
| Elimination of Nonrecurring expenses included above | 57,347.16 | 57,347.16 | | | |
| Less Federal and State In- come and Excess Profits Taxes applicable thereto | 32,343.80 | 32,343.80 | | | |
| Net Nonrecurring Ex- penses Eliminated | 25,003.36 | 25,003.36 | | | |
| Adjusted Net Profit ex- cluding Nonrecurring Expenses | 263,812.85 | 243,283.11 | 2,675.88 | 14,936.06 | 2,923.80 |

¹ Discontinued its operations Mar. 1, 1941.

² NOTE.—Represents the net income of United Sales & Mfg. Corporation computed as follows:

Total sales (95 percent to Consolidated Motors Lines, Inc. (Conn.) \$174,251.99

Cost of sales and expenses 152,372.62

Net income

1721

ASSOCIATED TRANSPORT, INC.

Schedule Showing the Amount of Current Liabilities of the Companies Included in I. C. C. Application Attributable to Their Fixed Investments at April 30, 1941

| | |
|---|----------------|
| Investments in Tangible Property at Adjusted Book Values: | |
| Revenue Equipment | \$3,751,074.52 |
| Service Trucks | 48,304.90 |
| Land | 325,732.61 |
| Buildings | 922,654.88 |
| Furniture, Fixtures, and Equipment | 410,021.31 |
| Leasehold Improvements | 58,610.62 |
| Tires, Parts, and Supplies | 667,172.36 |
| Prepaid Tires on Vehicles, etc. | 487,552.57 |
| Total Investments in Tangible Property | 6,671,123.72 |
| Prepayments and Other Fixed Assets: | |
| License plates, etc. (estimated for year) | 126,452.37 |
| Insurance | 226,742.94 |
| Terminal Working Funds and Deposits | 80,019.47 |
| Other Prepaid Items | 46,843.72 |
| Total Prepayments | 480,058.50 |
| Total Fixed Investments | 7,151,182.22 |
| Deduct: Amounts owing, payable after one year | 710,148.16 |
| Net Fixed Investments | 6,441,034.06 |
| Capital and Surplus at April 30, 1941 | 4,900,243.24 |
| Add: Deferred Income | 62,353.51 |
| | 4,962,596.75 |
| Amount of Current Liabilities Attributable to Fixed Investments at April 30, 1941 | 1,478,437.31 |

1722

ASSOCIATED TRANSPORT, INC.

Schedule Showing the Cash Requirements of the Companies Included in I. C. C. Application as of April 30, 1941

| | |
|--|--------------|
| Cash Required for: | |
| Notes Payable | \$290,219.17 |
| Accounts Payable | 1,546,633.24 |
| Wages Payable | 209,737.81 |
| C. O. D.'s Unremitted | 28,504.37 |
| Taxes, Interest and Other Accruals | 860,861.55 |
| Equipment and Other Obligations Maturing Within One Year | 554,593.94 |
| Reserve for Self-Insurance Claims, etc. | 88,971.30 |
| Total Cash Requirements for Liabilities | 3,579,610.78 |
| Cash or its equivalent immediately available for the payment of the above: | |
| Cash in Banks | 510,411.45 |
| Investments | 10,064.25 |
| Accounts Receivable | 1,404,523.62 |
| Other Investments and Advances | 176,204.35 |
| Total Available Cash or its Equivalent | 2,101,173.47 |
| Excess of Current Liabilities Over Available Cash or its Equivalent | 1,478,437.31 |

Exhibit 13,

ASSOCIATED TRANSPORT, INC.

Comparison of the Net Worths of the Companies Included in I. C. C. Application, Showing Net Worth Per Books and as Adjusted as at April 30, 1941, With Explanations for the Differences

| | Consolidated Motor Lines, Inc. | | McCarthy Freight System, Inc. | | M. Moran Transportation Lines, Inc. | | Horton Motor Lines, Inc. | | Barnwell Bros., Inc. | | Transportation Inc. | |
|---|--------------------------------|----------------------|-------------------------------|----------------------|-------------------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Worth, per books April 30, 1941 | | \$783,531.29 | | \$411,928.99 | | \$339,645.80 | | \$1,514,769.08 | | \$325,618.87 | | \$8,840.37 |
| Adjustments to profit and loss | (\$67,816.45) | | (\$44,969.43) | | (\$12,616.12) | | \$34,707.73 | | (\$46,481.82) | | (\$9,261.47) | |
| Adjustments to surplus | 62,571.13 | | 35,082.27 | | 4,422.23 | | (3,260.23) | | 12,269.24 | | (47,782.92) | |
| Treasury Stock or stock not acquired | (36,000.00) | | | 10,092.94 | | (8,193.80) | | (9,427.00) | | 34,182.58 | | (57,043.39) |
| Net worth as adjusted, April 30, 1941 | | 742,286.96 | | 422,021.83 | | 331,451.91 | | 1,505,342.06 | | 491,436.29 | | (48,203.12) |
| EXPLANATION OF DIFFERENCES | | | | | | | | | | | | |
| Revision of Depreciation per Part 3E of Contract: | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus |
| 1. Structures | | | 190.19 | 217.90 | | | | | (231.21) | 606.11 | | |
| 2. Revenue equipment | 327.74 | 1,640.66 | (3,034.91) | 8,651.13 | 602.23 | (17,440.20) | 4,643.73 | 36,341.37 | 19,785.67 | 25,016.41 | 10,150.79 | 12,467.55 |
| 3. Service Equipment | 350.67 | 631.94 | (91.32) | (110.58) | 41.25 | 158.59 | 410.53 | 158.53 | (325.90) | 133.14 | 116.60 | 61.14 |
| 4. Shop and garage equipment | 21.48 | 89.18 | 791.28 | 2,270.87 | 168.48 | 1,132.33 | (199.04) | 21.05 | 123.56 | 1,033.17 | 552.11 | 887.41 |
| 5. Furniture and fixtures | 36.57 | 1,921.34 | 1,003.92 | 2,410.35 | 1,266.73 | 7,261.33 | (285.20) | 2,065.54 | (646.01) | (247.98) | 451.06 | 926.70 |
| 6. Miscellaneous equipment | (20.04) | 1,753.33 | 1,727.00 | 985.18 | 282.26 | 1,062.55 | | | (61.65) | 2.91 | 435.59 | 703.10 |
| 7. Leasehold improvements | 965.14 | 3,142.18 | (322.61) | 898.42 | 3,669.60 | (6,164.22) | | | 916.54 | (1,432.48) | | |
| 8. Depreciation adjustment account | (4,758.71) | 4,758.71 | (5,654.93) | 5,654.93 | (9,512.62) | 9,512.62 | (4,253.42) | 4,253.42 | 138.56 | (138.56) | (12,219.89) | 12,219.89 |
| Total "3E" Adjustments | (3,077.15) | 13,937.34 | (5,611.38) | 20,978.29 | (3,482.07) | (4,477.00) | 316.60 | 42,839.91 | 19,699.56 | 24,992.72 | 6513.74 | 27,265.79 |
| Other Adjustments: | | | | | | | | | | | | |
| 9. Prepaid Taxes | (5,789.38) | (2,367.76) | 4,623.62 | 43,423.17 | (4,412.98) | 5,710.27 | 16,822.07 | 68,957.22 | (22,208.19) | 22,248.89 | 6,274.60 | 15,654.11 |
| 10. Reserve for Uncollectible Revenues | 11,422.12 | 23,225.04 | (2,059.71) | (2,756.52) | 3,031.75 | 358.78 | 5,621.91 | 2,635.44 | 2,730.43 | (6,858.37) | (5,173.82) | (5,395.02) |
| 11. Capitalized Maintenance | | | 8,849.53 | 7,836.34 | (1,323.83) | (3,565.10) | (29,569.60) | (9,089.32) | | | (1,597.61) | (111.88) |
| 12. Reserves on above | | | (2,218.10) | (1,134.09) | | | | 6,329.35 | | | | |
| 13. Tires in Equipment Costs, Net | | | 1,890.43 | 1,195.05 | (74.70) | 3,649.27 | 560.39 | (18,173.06) | (144.56) | (15,930.00) | | |
| 14. Accounts Receivable, Revenue and Misc | | | 1,156.40 | 6,242.63 | (4,508.07) | | 246.26 | 10,769.41 | (1,954.03) | 8,329.16 | (6,439.36) | 410.33 |
| 15. Vouchers Unrecorded, April 30, 1941 | (14,223.51) | | (8,493.90) | | (6,361.09) | | 936.96 | (4,520.28) | (1,968.83) | (468.35) | | |
| 16. P. D. Claims Receivable | (1,002.51) | | (90.36) | 909.56 | 486.65 | | (1,000.00) | 1,000.00 | | | | |
| 17. Insurance Dividends Receivable | (10,170.97) | 6,165.39 | (3,147.57) | 3,147.57 | (3,788.69) | 3,788.69 | 7,480.00 | | (11,247.56) | 11,247.56 | | |
| 18. Inventories | 652.92 | 4,564.30 | (4.79) | 11,720.58 | 4,585.45 | 7,696.95 | (3,309.97) | 19,606.87 | (15,592.98) | 10,006.86 | (2,568.39) | (1,594.20) |
| 19. Intangibles | | (2,611.62) | | | | (1,000.00) | | (5,009.11) | | (11,969.87) | 5,702.31 | (70,407.97) |
| 20. Deferred Expense w/o | (2,825.88) | (437.81) | | | (833.24) | (354.36) | (1,118.59) | (6,855.27) | 141.69 | (500.00) | (1,167.53) | (1,687.97) |
| 21. Sundry receivables or deposits w/o | | (885.38) | | | (2,358.00) | (3,737.02) | 274.12 | (180.50) | (1,331.39) | (8,133.48) | 6158.26 | (2,360.43) |
| 22. Insurance reserves or accruals | 14,416.15 | 39,031.19 | (1,295.79) | (3,955.51) | (2,522.70) | 751.41 | (2,494.68) | 1,881.83 | (990.42) | (1,343.57) | (4,308.37) | (4,076.72) |
| 23. Pay-roll Taxes | 1,232.61 | (241.70) | 280.24 | 93.86 | 1,174.78 | (1,848.84) | 447.91 | 183.08 | | 33.98 | | |
| 24. Capital Stock Tax | 1,964.46 | 1,431.29 | (309.70) | (121.70) | (1,173.70) | 195.62 | 8,420.32 | (5,588.67) | | 287.74 | (1,984.30) | (308.06) |
| 25. Accrued Interest | | | | | (671.02) | (719.26) | | | | 576.97 | | |
| 26. Local Taxes | 1,965.08 | (2,183.67) | (707.24) | 241.48 | (219.88) | 63.68 | (2,770.93) | 3.16 | (3,348.15) | 3,415.38 | (28.16) | |
| 27. State and Federal Income Taxes | (37,059.67) | 5,207.33 | (35,062.04) | (7,692.54) | 4,092.73 | (2,177.72) | 57,745.68 | (96,745.84) | (29,888.81) | (1,916.64) | | |
| 28. Other Balance Sheet Items | (1,848.39) | 962.29 | (5,566.82) | 1,455.29 | 497.41 | 2,025.77 | 1,845.28 | 1,914.24 | 604.65 | (1,206.20) | (410.40) | |
| 29. Conversion to 4/30/41 fiscal year | (34,864.17) | (13,022.82) | (13,099.35) | (5,882.51) | 2,910.18 | 1,425.16 | | | | (1,000.00) | | |
| 30. Reserve for Contingencies | | (1,000.00) | | (1,000.00) | | (1,000.00) | | | | (1,000.00) | | |
| 31. Contra - Vouchers Unrecorded 4/30/40 | 10,269.44 | (10,269.44) | 4,719.35 | (4,719.35) | 886.86 | (886.86) | | | 18,385.62 | (18,385.62) | 369.92 | (369.92) |
| 32. Contra - Officers' Life Insurance | 1,423.24 | (1,423.24) | (305.93) | 305.93 | 1,447.14 | (1,447.14) | 14,693.23 | (14,693.23) | | | 3,800.08 | (3,800.08) |
| 33. Contra - Other Items | (500.41) | 500.41 | 12,326.08 | (12,326.08) | | | (474.12) | 474.12 | | | | |
| Totals | (67,816.46) | 62,571.13 | (44,969.43) | 55,082.27 | (12,616.12) | 4,422.23 | 54,673.73 | (5,260.75) | (46,481.82) | 12,299.24 | (9,261.47) | (17,782.02) |

| | Southeastern Motor Lines, Inc. | | Arrow Carrier Corporation | | Southern New England Terminals, Inc. | | Brown Equipment & Mfg. Co., Inc. | | Conger-Realty Company | | Barnwell Warehouse & Brokerage Co. | |
|---|--------------------------------|----------------------|---------------------------|----------------------|--------------------------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|------------------------------------|----------------------|
| Net worth, per books, Apr. 30, 1941 | | \$106,975.58 | | \$910,666.06 | | \$31,855.40 | | \$256,834.84 | | \$131,265.55 | | \$56,059.04 |
| Adjustments to profit and loss | (\$1,679.67) | | (\$8,183.26) | | (\$1,331.86) | | (834.31) | | (\$27,878.78) | | 88.44 | |
| Adjustments to surplus | (5,484.59) | | 42,705.12 | | (1,088.56) | | 6,244.87 | | 27,931.54 | | (458.70) | |
| Treasury stock or stock not acquired | | (7,164.26) | | (27,300.00) | | (2,420.42) | | 5,310.56 | | 52.76 | | (450.26) |
| Net worth as adjusted, Apr. 30, 1941 | | 99,811.32 | | 917,887.92 | | 29,434.98 | | 262,145.40 | | 131,318.31 | | 55,608.38 |
| EXPLANATION OF DIFFERENCES | | | | | | | | | | | | |
| Revision of depreciation per part 3E of contract: | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus |
| 1. Structures | | | 83.36 | (3,283.02) | | | | | | | | |
| 2. Revenue equipment | 1,790.48 | (400.58) | (1,098.36) | 83,185.79 | 1,050.99 | 2,467.57 | | | 1,802.61 | (1,163.43) | 29.49 | 1,061.68 |
| 3. Service equipment | (46.13) | (58.86) | 329.81 | (217.02) | | | | | | | | |
| 4. Shop and garage equipment | 74.21 | 85.75 | (83.70) | 139.12 | | | | 1,123.00 | | | 11.18 | 69.79 |
| 5. Furniture and fixtures | 91.38 | 118.25 | (653.86) | (47.99) | | | | | | | 1.01 | 9.33 |
| 6. Miscellaneous equipment | 24.06 | 20.52 | | | | | | | | | | |
| 7. Leasehold improvements | 368.15 | 464.67 | 400.80 | (1,460.80) | | | | | | | | |
| 8. Depreciation adjustment account | 213.00 | (213.00) | 557.53 | (557.53) | | | | | | | | |
| Total "3E" adjustments | 2,515.17 | 16.75 | (1,064.45) | 77,749.50 | 1,050.99 | 2,467.57 | | 1,123.00 | 1,802.51 | (1,163.43) | 41.58 | 1,177.84 |
| Other adjustments: | | | | | | | | | | | | |
| 9. Prepaid taxes | 3,953.52 | 7,808.19 | (3,897.85) | 29,629.12 | | | | 4.97 | | | (434.87) | 1,031.67 |

| | | | | | | | | | | | | |
|---|--------------------|------------------|--------------------|------------------|--------------------|-----------------|------------------|-------------------|--------------------|------------------|-------------------|--------------------|
| Other Adjustments: | | | | | | | | | | | | |
| 9. Prepaid Taxes | (5,789.38) | (2,387.76) | 4,823.62 | 43,423.17 | (4,412.08) | 5,710.27 | 16,822.07 | 68,957.22 | (22,208.19) | 22,248.89 | 6,274.00 | 15,654.11 |
| 10. Reserve for Uncollectible Revenues | 11,422.12 | 25,225.04 | (2,059.71) | (2,756.52) | 3,031.75 | 358.78 | 5,621.91 | 2,635.41 | 2,730.43 | (6,868.37) | (5,173.82) | (5,305.02) |
| 11. Capitalized Maintenance | | | 8,849.53 | 7,836.34 | (1,823.83) | (3,565.10) | (29,569.60) | (9,969.32) | | | (1,597.61) | (111.88) |
| 12. Reserves on above | | | (2,218.10) | (1,194.00) | | | | 6,329.35 | | | | |
| 13. Tires in Equipment Costs, Net | | | 1,896.43 | 1,195.05 | (74.70) | 3,649.27 | 560.59 | (18,173.06) | (144.56) | (15,930.00) | | |
| 14. Accounts Receivable, Revenue and Misc | | | 1,156.40 | 6,242.63 | (4,508.07) | 1,769.41 | 246.26 | (1,954.03) | (1,954.03) | 8,329.16 | (6,430.36) | 410.33 |
| 15. Vouchers Unrecorded, April 30, 1941 | (14,233.51) | | (8,493.90) | | (6,361.09) | | 936.96 | (4,520.28) | (1,988.83) | (408.33) | (1,038.44) | |
| 16. P. D. Claims Receivable | (1,002.90) | | (99.30) | 909.56 | 486.65 | | (1,000.00) | 1,000.00 | | | | |
| 17. Insurance Dividends Receivable | (10,170.97) | 6,165.39 | (3,147.57) | 3,147.57 | (3,788.69) | 3,788.69 | 7,480.00 | | (11,247.56) | 11,247.56 | | |
| 18. Inventories | 652.92 | 4,364.30 | (4.79) | 11,720.58 | 4,585.45 | 7,666.95 | (3,309.97) | 19,606.87 | (15,592.98) | 10,006.86 | (2,568.39) | (1,594.20) |
| 19. Intangibles | | (2,611.62) | | | | (1,000.00) | | (5,019.11) | | (11,909.87) | 5,702.31 | (70,407.97) |
| 20. Deferred Expense w/o | (2,825.88) | (437.81) | | | (833.24) | (354.36) | (1,118.59) | 141.69 | | (500.00) | | |
| 21. Sundry receivables or deposits w/o | | (885.28) | | | (2,358.00) | (3,737.02) | 274.12 | (180.60) | (1,331.39) | (8,133.48) | (1,167.53) | (1,687.97) |
| 22. Insurance reserves or accruals | 14,416.15 | 30,031.19 | (1,295.79) | (3,955.51) | (2,522.70) | 751.41 | (2,494.69) | 1,881.83 | (690.42) | (1,343.57) | (4,308.37) | (2,360.43) |
| 23. Pay-roll Taxes | 1,282.61 | (241.70) | 280.24 | 95.86 | 1,174.78 | (1,848.84) | 447.91 | 183.08 | | 33.98 | | (4,078.72) |
| 24. Capital Stock Tax | 1,964.46 | 1,433.29 | (309.70) | (121.70) | (1,173.70) | 195.62 | 8,420.32 | (5,588.67) | (259.80) | 287.74 | | |
| 25. Accrued Interest | | | | | (671.02) | (719.36) | | 576.97 | | (576.97) | (1,984.30) | (308.06) |
| 26. Local Taxes | 1,965.03 | (2,193.67) | (707.24) | 241.48 | (219.88) | 63.68 | (2,770.03) | 3.16 | (3,348.15) | 3,415.38 | (28.16) | |
| 27. State and Federal Income Taxes | (37,059.67) | 5,207.33 | (35,902.04) | (7,662.54) | 4,092.73 | (2,177.72) | 37,745.68 | (96,745.84) | (29,888.81) | (1,916.64) | | |
| 28. Other Balance Sheet Items | (1,848.39) | 982.29 | (5,586.82) | (1,455.29) | 497.41 | 2,025.77 | 1,845.28 | 1,914.24 | 604.65 | (1,206.20) | (416.40) | |
| 29. Conversion to 4/30/41 fiscal year | (34,684.17) | (13,022.82) | (13,099.35) | (5,892.51) | 2,910.18 | 1,425.16 | | (1,000.00) | | (1,000.00) | | (1,000.00) |
| 30. Reserve for contingencies | | (1,000.00) | | (1,000.00) | | (1,000.00) | | | | | | |
| 31. Contra-Vouchers Unrecorded 4/30/40 | 10,269.44 | (10,269.44) | 4,719.35 | (4,719.35) | 886.86 | (886.86) | | | 18,385.62 | (18,385.62) | 369.92 | (369.92) |
| 32. Contra-officers' Life Insurance | 1,423.24 | (4,423.24) | (305.93) | 305.93 | 1,447.14 | (1,447.14) | 14,693.23 | (14,693.23) | | | 3,800.08 | (3,800.08) |
| 33. Contra-other items | (500.41) | 500.41 | 12,326.68 | (12,326.68) | | | (474.12) | 474.12 | | | | |
| Totals | (67,816.46) | 62,571.13 | (44,989.43) | 55,082.27 | (12,616.12) | 4,422.23 | 54,673.73 | (5,260.75) | (46,481.82) | 12,299.24 | (9,261.47) | (47,782.02) |

| | | | | | | | | | | | | |
|--|--------------------------------|----------------------|---------------------------|----------------------|--------------------------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|------------------------------------|----------------------|
| 1724 | Southeastern Motor Lines, Inc. | | Arrow Carrier Corporation | | Southern New England Terminals, Inc. | | Brown Equipment & Mfg. Co., Inc. | | Conger Realty Company | | Barnwell Warehouse & Brokerage Co. | |
| Net worth, per books, Apr. 30, 1941 | | \$106,975.58 | | \$910,666.06 | | \$31,855.40 | | \$256,834.84 | | \$131,265.55 | | \$86,059.64 |
| Adjustments to profit and loss | (\$1,679.67) | | (\$8,183.26) | | (\$1,331.86) | | (\$934.31) | | (\$27,878.78) | | 88.44 | |
| Adjustments to surplus | (5,484.59) | | 42,705.12 | | (1,088.56) | | 6,244.87 | | 27,931.54 | | (458.70) | |
| Treasury stock or stock not acquired | | (5,164.26) | | 7,221.86 | | (2,420.42) | | 5,310.56 | | 52.76 | | (450.26) |
| Net worth as adjusted, Apr. 30, 1941 | | 99,811.32 | | 917,887.92 | | 29,434.98 | | 262,145.40 | | 131,318.31 | | 55,608.38 |
| EXPLANATION OF DIFFERENCES | | | | | | | | | | | | |
| Revision of depreciation per part 3E of contract: | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus | Additions to P. & L. | Additions to surplus |
| 1. Structures | | | 83.36 | (3,283.62) | 1,050.99 | 2,467.57 | | | | | | |
| 2. Revenue equipment | 1,790.48 | (400.58) | (1,098.35) | 88,185.79 | | | | | 1,802.51 | (1,163.43) | 29.49 | 1,081.08 |
| 3. Service equipment | (46.13) | (58.86) | 329.81 | (217.02) | | | | | | | | |
| 4. Shop and garage equipment | 74.21 | 85.75 | (83.70) | 139.12 | | | | 1,123.00 | | | 12.18 | 69.79 |
| 5. Furniture and fixtures | 91.38 | 118.25 | (653.86) | (47.99) | | | | | | | 1.01 | 9.33 |
| 6. Miscellaneous equipment | 24.06 | 20.52 | | | | | | | | | | |
| 7. Leasehold improvements | 368.15 | 464.67 | 400.80 | (1,469.85) | | | | | | | | |
| 8. Depreciation adjustment account | 213.00 | (213.00) | 557.53 | (557.53) | | | | | | | | |
| Total "3E" adjustments | 2,515.17 | 16.75 | (1,064.45) | 77,749.50 | 1,050.99 | 2,467.57 | | 1,123.00 | 1,802.51 | (1,163.43) | 41.68 | 1,177.84 |
| Other adjustments: | | | | | | | | | | | | |
| 9. Prepaid taxes | 3,953.52 | 7,808.19 | (3,897.85) | 29,629.12 | | | | 4.97 | | | (434.87) | 1,034.67 |
| 10. Reserve for uncollectible revenues | (1,202.17) | 340.31 | (436.79) | (2,740.39) | | | (383.27) | (175.71) | | | | |
| 11. Capitalized maintenance | 1,001.36 | 2,847.87 | 13,153.83 | | | | | | | | | |
| 12. Reserves on above | (743.78) | (469.65) | (6,881.87) | | | | | | | | | |
| 13. Tires in equipment costs, net | | | | | | | | | | | | (1,300.00) |
| 14. Accounts receivable, revenue and miscellaneous | | | | | | | | | | | | |
| 15. Vouchers unrecorded 4/30/41 | (552.46) | | (4,100.12) | (12,000.00) | | | (132.60) | | | | | |
| 16. P. D. claims receivable | | | | | | | | | | | | |
| 17. Insurance dividends receivable | | | (3,771.00) | 3,771.00 | | | | | | | | |
| 18. Inventories | | | 6,118.02 | 16,715.51 | | | 1,310.04 | 12,958.75 | | | | |
| 19. Intangibles | | (10,528.17) | 1,800.00 | (32,547.35) | | (310.82) | | (187.13) | | | | |
| 20. Deferred expense w/o | | | (923.70) | | | | (1,415.89) | 340.42 | | | | |
| 21. Sundry receivables or deposits w/o | | | | (142.00) | | | | | | | | |
| 22. Insurance reserves or accruals | (297.18) | (292.48) | 2,273.79 | (1,778.80) | | | (27.95) | 59.14 | | | | |
| 23. Pay roll taxes | | | (261.00) | | | | 51.87 | (89.96) | | | | |
| 24. Capital stock tax | | | 351.64 | 644.17 | | | 500.96 | (62.52) | | | 159.77 | 7.99 |
| 25. Accrued interest | | | (46.18) | (830.20) | | 6.45 | (531.01) | | | | | |
| 26. Local taxes | (51.93) | 159.57 | 3,326.56 | (3,738.11) | (800.90) | (718.84) | | (1,700.62) | 2,333.84 | (3,572.42) | 110.20 | (112.29) |
| 27. State and Federal income taxes | (6,621.23) | (4,091.21) | (16,257.50) | (27,385.93) | (615.47) | (523.24) | 101.18 | (5,935.52) | (32,609.78) | 34,127.04 | (8.27) | (511.05) |
| 28. Other balance sheet items | (.30) | 43.76 | (2,048.69) | 640.65 | (1,474.93) | 29.68 | 113.52 | (181.15) | 688.53 | (554.53) | | 387.07 |
| 29. Conversion to 4/30/41 fiscal year | | | | | | | | | | | | |
| 30. Reserve for contingencies | | (1,000.00) | | (1,000.00) | | (1,000.00) | | (1,000.00) | | (1,000.00) | | (1,000.00) |
| 31. Contra-vouchers unrecorded 4/30/40 | 828.25 | (828.25) | 3,399.30 | (3,399.30) | | | 160.83 | (100.83) | | | | |
| 32. Contra-officers' life insurance | 213.75 | (213.75) | | | | | | | | | | |
| 33. Contra-other items | (722.47) | 722.47 | 882.75 | (882.75) | 501.90 | (501.90) | (1,153.03) | 1,153.03 | (90.88) | 90.88 | 139.93 | (139.93) |
| Total | (1,679.67) | (5,484.59) | (8,183.26) | 42,705.12 | (1,331.86) | (1,088.56) | (934.31) | 6,244.87 | (27,878.78) | 27,931.54 | 8.44 | (458.70) |

For the purpose of stock distribution, an additional increase of \$79,911.48 is required, being an adjustment made by the company before audit, for the revision of depreciation at contract rates, which was reduced \$16,837.97 by a audit.

1725

Exhibit No. 14

Witness: O'Day.

CONSOLIDATED MOTOR LINES, INCORPORATED, 1179 MAIN ST., HARTFORD, CONNECTICUT

Before the Interstate Commerce Commission, in the Matter of Application of Associated Transport, Inc., for Acquisition of Control of Certain Motor Carriers and for the Consolidation Thereof

Statement showing various points in Massachusetts, Rhode Island, and Connecticut, on the one hand, and New York, N. Y., Jersey City, N. J., Newark, N. J., and Philadelphia, Pa., on the other hand, which Consolidated Motor Lines, Incorporated, has been authorized to serve, and a partial number of competitive Motor Truck Carriers serving the same points, as compiled from application dockets on file with the Interstate Commerce Commission at Washington, D. C.:

| Routes ¹ | | | | |
|---------------------------------|--|--|--|--|
| Point | Route 1 Series | Route 2 Series | Route 3 Series | Route 4 Series |
| Lawrence, Mass. | | | | |
| Boston, Mass. | | | | |
| Providence, R. I. | 1A | 2A | 3A | 4A |
| Westerly, R. I. | 1B | 2B | 3B | 4B |
| New London, Conn. | 1C | 2C | 3C | 4C |
| New Haven, Conn. | 1D | 2D | 3D | 4D |
| Bridgeport, Conn. | 1E | 2E | 3E | 4E |
| | 1F | 2F | 3F | 4F |
| | 1G | 2G | 3G | 4G |
| | 1H | 2H | 3H | 4H |
| | 1I | 2I | 3I | 4I |
| Norwalk, Conn. | | | | |
| Stamford, Conn. | | | | |
| New York, N. Y. | | | | |
| Jersey City, N. J. | | | | |
| Newark, N. J. | | | | |
| Philadelphia, Pa. | | | | |
| Number of carriers ¹ | 5 | 10 | 10 | 13 |
| Serving route numbers | 1A 1B 1C 1D 1E 1F 1G 1H 1I | 2A 2B 2C 2D 2E 2F 2G 2H 2I | 3A 3B 3C 3D 3E 3F 3G 3H 3I | 4A 4B 4C 4D 4E 4F 4G 4H 4I |

¹ Services of all carriers over these routes are between operation.

| 1725-a | | Routes ¹ | | | |
|---------------------------------|----|---------------------|----------------|----------------|----------------|
| Point | | Route 5 Series | Route 6 Series | Route 7 Series | Route 8 Series |
| Fitchburg, Mass. | | | | | |
| Clinton, Mass. | | | | | |
| Worcester, Mass. | | | | | |
| Southbridge, Mass. | | | | | |
| Rockville, Conn. | | | | 7A | 8A |
| Manchester, Conn. | | | 6A | 7B | 8B |
| New York, N. Y. | 5A | 5B | 6C | 7C | 8C |
| Jersey City, N. J. | | 5D | 6D | 7D | 8D |
| Newark, N. J. | | 5E | 6E | 7E | 8E |
| Philadelphia, Pa. | | 5F | 6F | 7F | 8F |
| Number of carriers ² | 4 | 4 | 6 | 6 | 9 |
| Serving route numbers | 5A | 5B | 6A | 7A | 8A |
| | | 5C | 6B | 7B | 8B |
| | | 5D | 6C | 7C | 8C |
| | | 5E | 6D | 7D | 8D |
| | | 5F | 6E | 7E | 8E |
| | | | 6F | 7F | 8F |

¹ Services of all carriers over these routes are a between operation.² For names of carriers see appendix A attached.

| 1726 Routes ¹ | | | | |
|---------------------------------|----------------------------------|--|--|--|
| Point | Route 9 Series | Route 10 Series | Route 11 Series | Route 12 Series |
| Greenfield, Mass. | | | | |
| Holyoke, Mass. | | | | |
| Springfield, Mass. | | | | |
| Hartford, Conn. | | | | |
| New Britain, Conn. | 9A | 10A | 11A | 12A |
| Meriden, Conn. | 9B | 10B | 11B | 12B |
| New York, N. Y. | 9C | 10C | 11C | 12C |
| Jersey City, N. J. | 9D | 10D | 11D | 12D |
| Newark, N. J. | 9E | 10E | 11E | 12E |
| Philadelphia, Pa. | 9F | 10F | 11F | 12F |
| Number of carriers ² | 3 3 9 8 4 4 | 6 13 27 37 14 21 | 6 15 25 34 12 20 | 9 16 31 46 16 25 |
| Serving route numbers | 9A 9B 9C 9D 9E 9F | 10A 10B 10C 10D 10E 10F | 11A 11B 11C 11D 11E 11F | 12A 12B 12C 12D 12E 12F |

¹ Services of all carriers over these routes are a between operation.² For names of carriers see appendix A attached.

| 1727 | | Routes ¹ | | | |
|---------------------------------|--|---------------------|-----------------|-----------------|-----------------|
| Point | | Route 13 Series | Route 14 Series | Route 15 Series | Route 16 Series |
| North Adams, Mass. | | | | 15A | 16A |
| Adams, Mass. | | | | 15B | 16B |
| Pittsfield, Mass. | | | | 15C | 16C |
| Winsted, Conn. | | | | 15D | 16D |
| Torrington, Conn. | | | | 15E | 16E |
| Waterbury, Conn. | | | | 15F | 16F |
| New York, N. Y. | | 13A | 14A | | |
| Jersey City, N. J. | | 13B | 14B | | |
| Newark, N. J. | | 13C | 14C | | |
| Philadelphia, Pa. | | 13D | 14D | | |
| | | 13E | 14E | | |
| | | 13F | 14F | | |
| Number of carriers ² | | 2 | 3 | 3 | 5 |
| Serving route numbers | | 13A | 14A | 15A | 16A |
| | | 13B | 14B | 15B | 16B |
| | | 13C | 14C | 15C | 16C |
| | | 13D | 14D | 15D | 16D |
| | | 13E | 14E | 15E | 16E |
| | | 13F | 14F | 15F | 16F |

¹ Services of all carriers over these routes are a between operation.

² For names of carriers see appendix A attached.

APPENDIX A

| Application docket number | Name of carrier | Address | Route numbers |
|----------------------------|---|--------------------------------------|--|
| 72418 | A. B. & C. Motor Transportation, Inc. | Fitchburg, Mass. | 8A, 12C, 8C, 4F, 4C, 4B, 12A. |
| 30138 | A. C. E. Transportation Company, Inc. | Akron, Ohio | 2B, 3B, 4B, 10A, 11A, 12A, 6A, 7A, 8A, 14C, 15C, 16C, 10C, 11C, 12C, 6C, 7C, 8C, 3C, 3H, 4H, 2F, 3F, 4F, 14D, 13D, 16D, 14E, 15E, 16E, 2A, 3A, 4A, 20, 30, 40, 30, 3C, 4C, 2D, 3D, 4D, 10D, 11D, 12D. |
| 2542 | Adley Express Co., Inc. | New Haven, Conn. | 15B, 14B, 16B, 13B, 3B, 2B, 4B, 1B, 3G, 2G, 4G, 7G, 8B, 5B, 7A, 6A, 8A, 2A, 1A, 10A, 12A, 9A, 11D, 10D, 12D, 9D, 11B, 10B, 12B, 9B, 3A, 2A, 4A, 1A, 7E, 6E, 8F, 5F, 11F, 10F, 12F, 9F, 11E, 10E, 12E, 9E, 3E, 2E, 4E, 1E, 15A, 14A, 16A, 13A, 3H, 2H, 4H, 1H, 15C, 14C, 16C, 13C, 3C, 2C, 4C, 1C, 7E, 6E, 8E, 5E, 7D, 6D, 8D, 5D, 11C, 10C, 12C, 9C, 3I, 2I, 4I, 11E, 10E, 12E, 9E, 3E, 2E, 4E, 1E, 15F, 14F, 16F, 13F, 3D, 2D, 4D, 1D, 15D, 14D, 16D, 13D, 7C, 6C, 8C, 5C, 4B, 4G, 4H, 4I, 4E, 12D, 12C, 12E, 4C. |
| C-1778 P-67585 79369 | B. & E. Transportation Co., Inc. Walter T. Bally, d/b/a Bally Transportation Co., Inc. | New York, N. Y. Bridgeport, Conn. | 4G, 4F, 11D, 4I, 3F, 12D. |
| 61471 | Benjamin Motor Express, Inc. | Charlestown, Mass. | 4B, 3B, 2B. |
| 42349 | Bill's New York-New Haven Motor Express | New Haven, Conn. | 4F, 4G, 2F, 2G, 12E, 12D, 12F, 16F, 10E, 10D, 10F, 14F, 14E. |
| 2472 | Blake Motor Lines, Incorporated | Torrington, Conn. | 12A, 16D, 16E, 16F. |
| 55218 | Boston, New York Transportation Company, Inc. | Chelsea, Mass. | 4B, 4F, 4I, 12D, 2B, 2F, 2I, 10D, 4C, 4D, 4A, 12C, 2C, 2D, 10C. |
| 9942 Sub. 1 | Brown & Pollack Motor Lines, Inc. | Bridgeport, Conn. | 4H, 4I, 4G, 4F, 12F, 2I, 2I, 2G, 2F, 10F. |
| 1729 | Capital Motor Transportation Co., Inc. | Everett, Mass. | 4A, 2B, 8C, 6C, 12C, 12D, 16D, 8D, 4D, 4F, 8A, 8B, 12A, 12F, 16E. |
| 10307 | Clinton Transportation Corp. | New York, N. Y. | 4B, 4F, 12D, 12C, 8A, 4A, 8C, 4C. |
| 73462 | Clinton Trucking Co. | Clinton, Mass. | 6B, 6C, 10C, 10D, 2F, 10F, 2G, 2H, 2I. |
| 59918 | Connecticut Motor Lines, Inc. | New Haven, Conn. | 3B, 2B, 4B, 3G, 2G, 4G, 11D, 10D, 12D, 11F, 10F, 12F, 9F, 11E, 10E, 12E, 9E, 3F, 2F, 4F, 1F. |
| 4859 | Crowe & Co., Inc. | Waterbury, Conn. | 3G, 2G, 4G, 11D, 10D, 12D, 11B, 10B, 12B, 7F, 6F, 8F, 11F, 10F, 12F, 11E, 10E, 12E, 9E, 3E, 2E, 4E, 1E, 15E, 14E, 16E, 15E, 16E, 14F, 16F. |
| 59278 | E. N. Curtis Transportation Inc. | Danielson, Conn. | 16D, 4F, 4G, 4H, 4I, 12E, 12D. |
| 9717 | D. & N. Motor Transportation Co. | Lawrence, Mass. | 2A, 2B, 2C, 6C, 10C. |
| 87168 | Eastern Motor Freight Lines, Inc. | Plainfield, N. J. | 2G, 3G, 4G, 2F, 3F, 4F, 2C, 3C, 4C, 3B, 2B, 4B, 11D, 10D, 12D, 11B, 10B, 12B, 7C, 6C, 8C, 15C, 14C, 16C, 3E, 2E, 4E, 14F, 15F, 10F. |
| 15997 | Edgerton & Sons, Inc. | Bridgeport, Conn. | 11B, 12C, 12D, 4F, 12F, 4G, 4I, 4H. |
| 87250 | Ellis Motor Line, Inc. | Stafford Springs, Conn. | 12D, 8F, 8E, 16A. |
| 84442 | Emmot-Valley Transportation Company, Inc. | Uxbridge, Mass. | 4B, 12C, 2B, 10C, 4F, 8C, 2F, 6C, 12D, 4C, 10D, 2C. |
| 99602 | Fagan Transportation, Inc. | New Britain, Conn. | 11C, 12C, 11D, 12D, 11B, 12B, 3G, 4G, 11F, 12F, 11E, 12E, 3F, 4F, 3H, 4H, 3I, 4I, 15F, 16F. |
| 8924 | Falman Motor Lines, Inc. | Hartford, Conn. | 12C, 11C, 10C, 9C, 11D, 10D, 12D, 9D, 7E, 6E, 8E, 5E, 7F, 16F, 6F, 8F, 5F, 11E, 10E, 12E, 9E, 3E, 2E, 4E, 4H. |
| 1759 | Frechlick Transportation Co., Inc. | Stamford, Conn. | 30D, 10F, 2G, 2H, 2I, 10E, 9F, 6E. |

APPENDIX A—Continued

| Application docket number | Name of carrier | Address | Route numbers |
|---------------------------|---|-------------------------|---|
| 1730 | Gabelmann's Express | Winsted, Conn. | 14B, 15B, 16B, 14E, 15E, 16E, 2H, 3H, 4H, 14F, 15F, 16F, 2G, 3G, 4G, 10F, 11F, 12F, 16D, 11D, 12D, 2F, 3F, 4F |
| 73866 | Louis J. Gardella, Inc. | Norwalk, Conn. | 3G, 2G, 4G, 3F, 2F, 4F, 3H, 2H, 4H, 3I, 2I, 4I, 16F, 14F, 16F |
| 74772 | Goodman's New York & Conn. Express Corporation | New York, N. Y. | 12B, 12E, 8F, 4H, 8E, 4F, 16D, 4E, 4I, 4G |
| 28212 | Harrison Motor Freight | Newark, N. J. | 3A, 2A, 4A, 1A, 3B, 2B, 4B, 1B, 7C, 6C, 8C, 5C, 3C, 2C, 4C, 1C, 7A, 6A, 8A, 5A, 7B, 6B, 8B, 5B, 3B, 2B, 4B, 1B |
| 18264 | Barford Transportation Company, Inc. | Hartford, Conn. | 12D, 11D, 4B, 12A, 10D, 16A, 12E, 12C, 12B, 12D, 4C |
| 34141 | Benjamin Hershfield, d/b/a Hershfield Motor Transportation Company | South Norwalk, Conn. | 4H, 3H |
| 73839 | Holland Transportation Co., Inc. | Boston, Mass. | 3B, 2B, 4B |
| 72033 | Interstate Magazine Haulers Corp. | New York, N. Y. | 3B, 2B, 4B, 1B, 3G, 2G, 4G, 1G, 11D, 10D, 12D, 9D, 11B, 10B, 12B, 9B, 3F, 2F, 4F, 1F, 3H, 2H, 4H, 1H, 3C, 2C, 4C, 1C, 10C, 12C, 9C, 3I, 2I, 4I, 1I, 7C, 6C, 8C, 5C |
| 47066 | Kimball Motor Dispatch, Inc. | Great Barrington, Mass. | 16B, 16V, 16B, 15C |
| 71248 | Kling Brothers Trucking Company, Inc. | Hamden, Conn. | 2F, 3F, 4F, 2G, 3G, 4G, 2I, 3I, 4I, 2H, 3H, 4H, 10D, 11D, 12D, 10F, 11F, 12F |
| 306 | L. & L. Transportation Co. | Lowell, Mass. | 7C, 6C, 8C, 3A, 2A, 4A, 7C, 16C, 12C, 3B, 2B, 4B |
| 3377 | Lakes Motor Lines, Inc. | Waterbury, Conn. | 10D, 2E, 15E, 15D, 11D, 14E, 14D, 12D, 3E, 16D |
| 7568 | Laube-Interstate, Incorporated | Waterbury, Conn. | 2B, 3B, 4B, 2C, 3C, 4C, 2D, 3D, 4D, 2E, 3E, 4E, 2F, 3F, 4F, 2I, 3I, 4I, 2H, 3H, 4H, 2G, 3G, 4G, 14F, 16F, 16C, 7C, 8C, 10C, 11C, 12C, 10D, 11D, 12D, 2A, 3A, 4A, 10E, 11E, 12E, 14E, 15E, 16E, 14C, 15C, 16C, 10B, 11B, 12B, 10A, 11A, 12A, 14B, 15B, 16B, 11A, 15A, 16A, 6F, 7F, 8F, 6E, 7E, 8E, 14D, 15D, 16D |
| 42269 | Lombard Bros., Incorporated | Waterbury, Conn. | 3G, 2G, 4G, 11D, 10D, 12D, 11F, 10F, 12F, 3F, 2F, 4F, 3E, 2E, 4E, 3H, 2H, 4H, 11C, 10C, 9C, 3I, 2I, 4I, 15F, 14F, 16F |
| 45099 | Lowell Trucking Corporation | Lowell, Mass. | 2C, 4C, 2B, 4B, 6C, 8C, 5A, 6A |
| 66274 | M. & R. Transportation Co., Inc. | Springfield, Mass. | 4B, 4F, 4C, 15C, 8C, 12D, 4G, 4I, 4H, 3B, 3G, 11D, 3E, 4E, 3H, 3C, 16D, 7C, 3F, 11C, 11F, 12F |
| 66275 | M. & M. Transportation Company | Boston, Mass. | 1B, 1F, 1G, 1A, 9C, 9D, 5C |
| 2495 | Moshauck Transportation Company | Saylesville, R. I. | 3B, 2B, 4B, 1B, 3G, 2G, 4G, 1G, 9D, 10D, 11D, 12D, 1F, 2F, 3F, 4F, 1H, 2H, 3H, 4H, 1C, 2C, 3C, 4C, 9C, 10C, 11C, 12C, 1I, 2I, 3I, 4I |
| 91640 | Mar Moskowitz and George Simonowitz, d/b/a Moskowitz Transportation Company | Jewett City, Conn. | 2E, 3E, 4E |
| Sub. I 9876 | National Transportation Company, Inc. | Bridgeport, Conn. | 3I, 2I, 4I, 3H, 2H, 4H, 3G, 2G, 4G, 3F, 2F, 4F, 11F, 10F, 12F, 11D, 10D, 12D, 11E, 10E, 12E, 11B, 10B, 12B, 11C, 10C, 12C |
| 17470 | New York-Massachusetts Motor Service Co. | Springfield, Mass. | 3G, 2G, 4G, 11D, 10D, 12D, 11B, 10B, 12B, 11F, 10F, 12F, 3F, 2F, 4F, 3H, 2H, 4H, 7D, 6D, 8D, 11C, 10C, 12C, 3I, 2I, 4I |
| 59720 | New York & Worcester Dispatch, Inc. | Worcester, Mass. | 4B, 3B, 2B, 11C, 10C, 12C, 11D, 10D, 12D, 3F, 2F, 4F |
| 66332 | Oates Bros., Inc. | Shelton, Conn. | 20, 2H, 2I, 10D, 6F, 10F, 10E, 2F, 6E, 14E, 14F |
| 30090 | Old Colony Forwarding Corporation | New York, N. Y. | 3I, 2I, 4I, 3B, 2B, 4B, 3A, 2A, 4A |
| 87361 | Palmer Lines, Inc. | Great Barrington, Mass. | 15B, 14B, 16B, 15C, 14C, 16C |

| | | | |
|-------|--|----------------------|--|
| 60808 | George F. Pease, Inc. | Springfield, Mass. | 11C, 10C, 15C, 11B, 10B, 12B, 11D, 10D, 12D, 3G, 2G, 4G, 11F, 10F, 12F, 3I, 2I, 4I. |
| 60812 | Perrett & Glenney, Inc. | Manchester, Conn. | 10D, 12, 3F, 4F, 3G, 3H, 4I, 7F, 8F, 11F, 12F. |
| 72299 | Puritan Freight Lines, Inc. | Bristol, Conn. | 11D, 10D, 12D, 3G, 2G, 4G, 3H, 4I, 2I, 4I, 15E, 14E, 16E, 11E, 10E, 12E. |
| 76280 | Ralph's Motor Express | Stamford, Conn. | 4G, 4F, 2H, 4I. |
| 29655 | Rapid Motor Lines, Inc. | New Haven, Conn. | 4F, 4G, 4I, 12F, 12D, 12E, 8F, 3F, 3G, 3I, 11F, 11D, 11E, 7F. |
| 30889 | Rickard & Sons, Inc., C | Bridgeport, Conn. | 12D, 4F, 4G, 16E, 16D, 8F, 4E, 16D, 11D, 3F, 2F, 3G, 2G, 14E, 15E, 14D, 15D, 6F, 7F, 2E, 3E. |
| 2264 | H. C. Roulston, Inc. | New York, N. Y. | 3G, 3G, 4G, 11D, 10D, 12D, 7F, 6F, 8F, 11F, 10F, 12F, 3F, 2F, 4F, 3H, 2H, 4H. |
| 36107 | Reynolds' Express | New Haven, Conn. | 11C, 10C, 12C, 3I, 2I, 4I, 15F, 14F, 16F. |
| 36279 | Ruzila's Express Service | Pascale, N. J. | 4F, 4G, 2H, 4I, 8G, 2G, 3F, 3H, 4H, 3I, 2I. |
| 44130 | The Savin Express Company | New London, Conn. | 4C, 4D, 3D, 3C, 3A, 4A. |
| 84858 | Seamell, Inc., F. J. | Charlestown, Mass. | 11D, 10D, 12D, 3E, 2E, 4E, 3C, 2C, 4C. |
| 13602 | | | 3R, 2F, 4B, 1B, 3G, 2G, 4G, 1G, 11D, 10D, 12D, 9D, 11C, 10C, 12C, 9C, 3F, 2F, 4F, 1F, 7C, 6C, 8C, 5C. |
| 35040 | Sonboard Freight Lines | New York, N. Y. | 15B, 14B, 16B, 13B, 3B, 2B, 4B, 1B, 3G, 2G, 4G, 1G, 7B, 6B, 8B, 5B, 7A, 6A, 8A, 5A, 8F, 5F, 11F, 10F, 12F, 9F, 11F, 10F, 12F, 9E, 3F, 2F, 4F, 1F, 3E, 2E, 4E, 1E, 15A, 14A, 16A, 13A, 3H, 2H, 4H, 1H, 13C, 14C, 16C, 13C, 3C, 2C, 4C, 1C, 7E, 6E, 8E, 5E, 7D, 6D, 8D, 5D, 11C, 10C, 12C, 9C, 3I, 2I, 4I, 11, 15E, 14E, 16E, 13E, 16F, 14F, 16F, 13F, 3D, 2D, 4D, 1D, 15D, 14D, 16D, 13D, 7C, 6C, 8C, 5C. |
| 29739 | Thomas Clapp & Daniel Clapp, A Partner-ship, d/b/a Service Transportation Company. | Torrington, Conn. | 15E, 3H, 14E, 2H, 16E, 4H, 15D, 14D, 16D. |
| 17398 | Smith Express Co., Tho. H. T. | Meriden, Conn. | 11D, 10D, 12D, 11E, 10E, 12E, 11F, 10F, 12F, 3F, 2F, 4F. |
| 1175 | Summers Motor Lines Co., Inc. | Springfield, Mass. | 2R, 4B, 10C, 11C, 12C, 3F, 4F, 3F, 3B. |
| 87967 | Textile Motor Express, Inc. | Patterson, N. J. | 3C, 2C, 4C, 3D, 2D, 4D, 7D, 6D, 8D, 3B, 2B, 4B, 3E, 2E, 4E, 3G, 2G, 4G, 3F, 2F, 4F, 3I, 2I, 4I, 3H, 2H, 4H. |
| 8516 | R. E. Tomlinson & W. W. Tomlinson, d/b/a Tomlinson Bros. | New Haven, Conn. | 3G, 3F, 3I, 2G, 2F, 2I, 4G, 4F, 4I. |
| 2170 | A Towle Company | Boston, Mass. | 1B, 9C, 1F, 9D, 9F, 8C, 1G, 1H, 1I, 3B, 2B, 4B, 3G, 2G, 4G, 11D, 10D, 12D, 7B, 6B, 8B, 5B, 7A, 6A, 8A, 5A, 3A, 2A, 4A, 1A, 11F, 10F, 12F, 7F, 3F, 2F, 4F, 3H, 2H, 4H, 3C, 2C, 4C, 1C, 11C, 10C, 12C, 3I, 2I, 4I, 7C, 6C, 8C, 5C. |
| 60822 | Treadon & Platt Motor Lines, Inc. | Bristol, Conn. | 2B, 2C, 2D, 2H, 2I, 10D, 8C, 10B, 10C, 10E, 14F, 4F, 8D, 8F, 16E, 16D, 12F. |
| 44040 | Trudon's Overland Motor Express Co., Inc. | Bristol, Conn. | 11B, 11C, 2H, 10C, 3F, 12B, 12C, 11E, 10E, 12E, 11A, 10A, 12A, 11F, 10F, 12F. |
| 64301 | United Transportation Company | Providence, R. I. | 4C, 2B, 12D, 4B, 8F, 4E. |
| 75543 | Vallerie's Transportation Company | Norwalk, Conn. | 4F, 4G, 4H, 4I. |
| 68306 | Welmar's Express | East Hartford, Conn. | 11D, 12D, 11B, 12B, 11C, 12C. |
| 2232 | White Line Motor Express, Inc. | Bridgeport, Conn. | 11B, 10B, 12B, 3F, 2F, 4F, 11C, 10C, 12C, 11D, 10D, 12D, 11F, 10F, 12F, 3G, 2G, 4G, 3H, 2H, 4H, 3I, 2I, 4I. |
| 673 | Henry G. Williamson | Stamford, Conn. | 4H, 3H, 2H, 4I, 3I, 2I, 4I. |
| 3398 | Wester Express, Inc. | Hartford, Conn. | 3B, 2B, 4B, 3G, 2G, 4G, 11D, 10D, 12D, 11B, 10B, 12B, 3F, 2F, 4F, 3G, 2C, 4C, 11C, C10, C12. |
| 60917 | Yale Motor Service | New Haven, Conn. | 3F, 2F, 4F, 3G, 2G, 4G, 11F, 10F, 12F, 15F, 14F, 16F. |

1 Denotes irregular common carriers of commodities generally.

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MCLEAN TRUCKING CO., INC., ET AL.

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Exhibit 15.

EXHIBIT C (Cont'd)

Balance Sheet, Arrow Carrier Corporation, Paterson, N. J.,
April 30, 1941

ASSETS

Current assets:

Cash:

| | | |
|-----------------------|-------------|-------------|
| On Deposit----- | \$82,452.60 | |
| Petty Cash Funds----- | 3,295.00 | |
| Special Deposits----- | 527.50 | |
| | | \$86,275.10 |

Accounts Receivable:

| | | |
|-----------------------|-----------|------------|
| Customers----- | 89,189.74 | |
| Connecting Lines----- | 11,490.93 | |
| Employees----- | 1,716.51 | |
| Terminals----- | 21,718.59 | |
| Miscellaneous----- | 1,309.76 | |
| | | 125,425.53 |

Inventories:

| | | |
|-----------------------------|----------|-----------|
| Tires and Tubes----- | 5,306.85 | |
| Stationery----- | 3,201.39 | |
| Materials and Supplies----- | 6,304.39 | |
| | | 14,872.63 |

Total Current Assets----- \$206,573.35

Carrier Operating Property:

| | Cost | Reserve | |
|-----------------------------|--------------|-------------|------------|
| Land----- | \$85,343.97 | 0 | |
| Structures----- | 308,924.51 | \$55,568.86 | |
| Revenue Equipment----- | 1,225,489.15 | \$89,035.25 | |
| Service Equipment----- | 18,278.32 | 13,329.54 | |
| Shop and Garage Equip----- | 17,705.17 | 7,466.86 | |
| Furn. and Office Equip----- | 45,132.50 | 17,804.03 | |
| Improve. to Leasehold----- | 2,405.05 | 1,336.00 | |
| | 1,701,278.67 | 965,200.54 | 735,988.13 |

Nonoperating Property:

| | | | |
|--------------------------|-----------|-------|-----------|
| Land and Structures----- | 27,818.88 | 84.12 | 27,734.76 |
|--------------------------|-----------|-------|-----------|

Intangible Property:

| | | | |
|-------------------------------|--|-----------|-----------|
| Franchises, Permits, etc----- | | 39,423.31 | |
| Less: Res. for Amort----- | | 8,675.96 | |
| | | | 30,747.35 |

Prepayments:

| | | |
|-----------------------------------|-----------|-----------|
| Unexpired Insurance----- | 17,694.10 | |
| Prepaid Auto Licenses----- | 20,363.23 | |
| Prepaid Taxes, Int. and Rent----- | 4,237.55 | |
| Prepaid Tire Expense----- | 37,868.14 | |
| Other Prepaid Expenses----- | 5,632.44 | |
| | | 85,795.46 |

1,086,839.05

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LIABILITIES, CAPITAL, AND SURPLUS

Current Liabilities:

Notes Payable:

Citizens Trust Company----- \$5,000.00

Accounts Payable:

Trade Creditors----- \$55,980.44

Connecting lines----- 7,692.59

Unremitted C. O. D.'s----- 12,879.92

Social Security Deductions----- 940.27

Miscellaneous----- 700.25

78,193.47

Accrued Accounts:

Wages Payable----- 31,714.46

Accrued Taxes----- 40,061.53

Accrued Interest----- 300.00

72,135.99

Total Current Liabilities-----

\$155,329.46

Equipment Obligations:

Autocar Sales & Service Co.----- \$13,097.71

Mack Trucks, Inc.----- 11,700.00

24,797.71

Real Estate Mortgage Payable:

Paterson Building & Loan Assn.----- 12,000.00

Reserves:

Reserve for Accidents----- 1,244.99

Capital and Surplus:

Capital Stock:

Pref'd—Par Value \$100

per share:

Issued and Sub-

scribed, 1,380

shares-----

\$138,000.00

Common—Par Value \$50

per share:

Issued, 1,976½

shares-----

98,825.00

236,825.00

Surplus:

Earned----- 656,641.89

893,466.89

1,086,839.05

The net worth shown by the above balance sheet shall be reduced in the sum of \$12,000 by reason of a payment to be made in that amount for cancellation of the liability of the above company under an employment agreement with John Hamilton.

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Exhibit No. 16

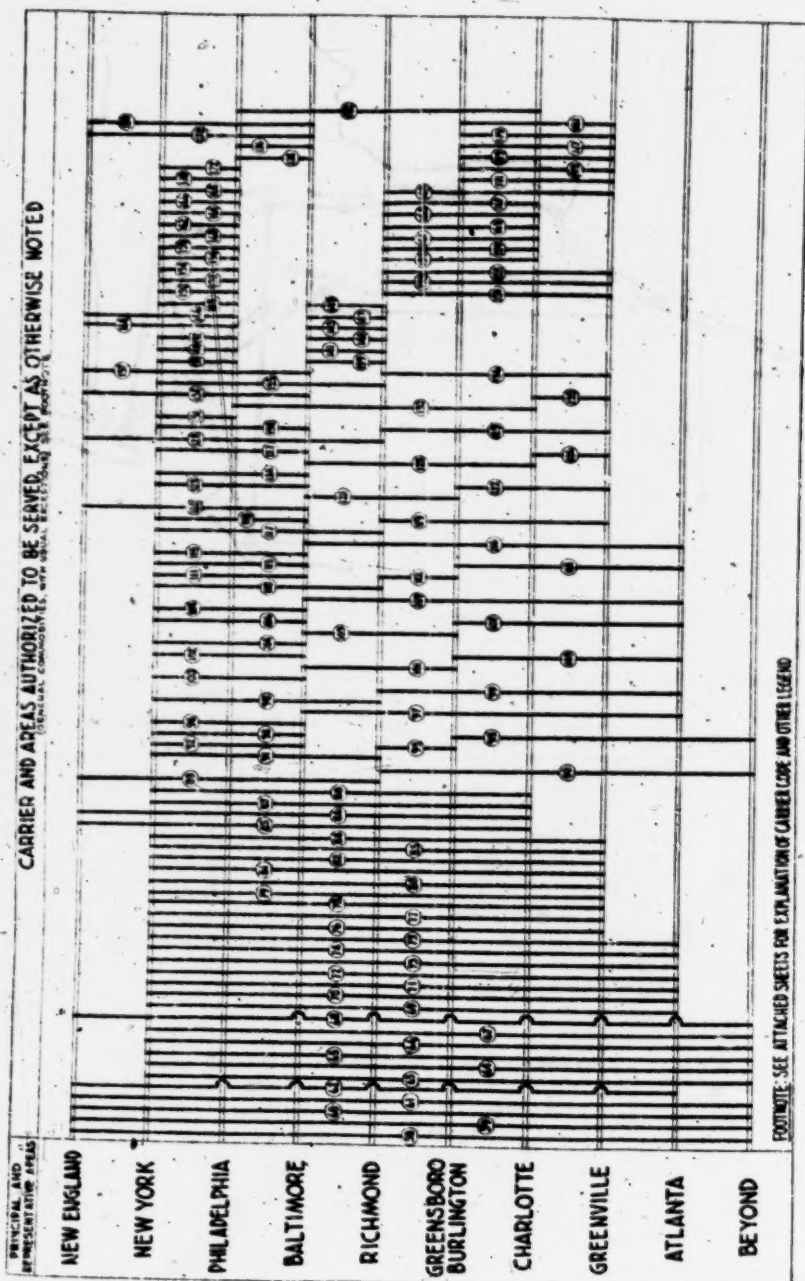
Witness Lawson.

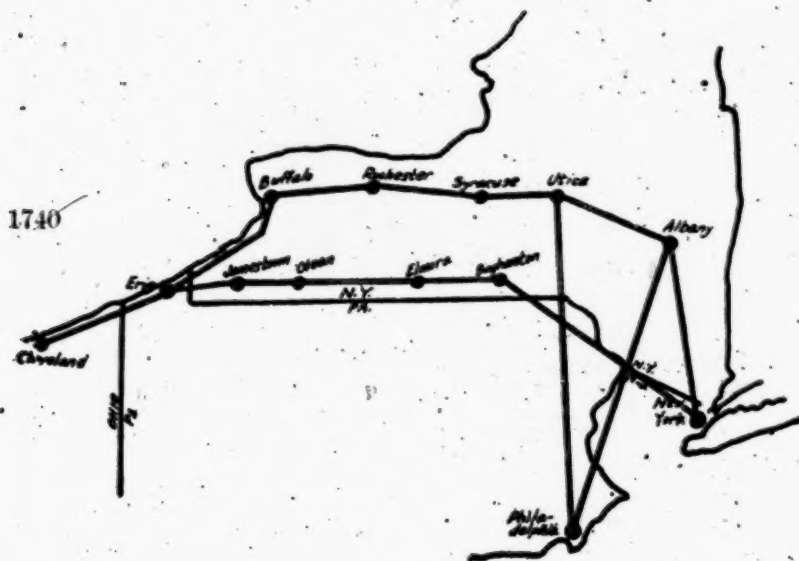
MOTOR COMMON CARRIERS SERVING, AUTHORIZED, OR CLAIMING AUTHORITY TO SERVE CERTAIN REPRESENTATIVE AND PRINCIPAL AREAS SERVED BY CERTAIN MOTOR COMMON CARRIERS COMPOSING A PART OF ASSOCIATED TRANSPORT, INC.

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[illegible]

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| 1741 Carrier | Name of line | I. C. C. Docket No. |
|-----------------|--|---|
| 1 | Akers Motor Lines, Inc. | MC 72442—Certificate. |
| 2 | Carolina Freight Carrier Corp. | MC 2253 and Sub. No. 1. |
| 3 | Howard Hall Company, Inc. | MC 42318 (I). |
| 4 | Jack Cole Company, Inc. | MC 73464 (I). |
| 5 | Roadway Express, Inc. | MC 2202 and Sub. No. 1. |
| 6 | Harris Brothers Transfer Company, Inc. | MC 60297. |
| 7 | McLean Trucking Company, Inc. | MC 31389 (I). |
| 8 | Miller Motor Express. | MC 75339. |
| 9 | Atlantic States Motor Lines, Inc. | MC 30772 (I). |
| 10 | The Mason & Dixon Lines, Inc. | MC 53583 and Subs. (I). |
| 11 | G. & M. Motor Transfer Co. | MC 73673 (I). |
| 12 | Holland Brothers | MC 73838 (I). |
| 13 | Ross Motor Lines, Incorporated. | MC 43608. |
| 14 | Central Motor Lines, Inc. | MC 24539 (I). |
| 15 | Kilgo Transfer Co., Inc. | MC 13298—Certificate. |
| 16 | R. C. Motor Lines, Inc. | MC 75651. |
| 17 | R. D. Fowler Motor Lines, Inc. | MC 19636 (I). |
| 18 | Old Hickory Motor Freight, Inc. | MC 25395. |
| 19 | Hooks Motor Lines | MC 71185 (I). |
| 20 | Hooks Motor Lines | MC 71185. |
| 21 | Motor Express, Inc. | MC 47171 (I). |
| 22 | Mundy Motor Lines | MC 3474—Certificate. |
| 23 | Preston Trucking Company, Inc. | MC 1824. |
| 24 | Karl Lenker | MC 3363. |
| 25 | A. A. A. Highway Express, Inc. | MC 34675. |
| 26 | Brooks Transportation, Inc. | MC 80382 and Subs. 1, 2, and 3— Certificate. |
| 27 | American Trucking Corporation | MC 6202. |
| 28 | Georgia Highway Express, Inc. | MC 58923. |
| 29 | Atlantic Coast Freight Lines, Inc. | MC 15737. |
| 30 | Rutherford Freight Lines, Inc. | MC 60875. |
| 31 | New South Express Lines, Inc. | MC 38925—Certificate. |
| 32 | East Coast Freight Lines, Inc. | MC 75295. |
| 33 | Motor Transit Company | MC 82333. |
| 34 | L. H. Bottoms Truck Lines, Inc. | MC 64658. |
| 35 | Overnight Motor Transportation Co. | MC 41776. |
| 36 | Thurston Motor Lines | MC 76332. |
| 37 | Baltimore Transfer | MC 1168. |

| Carrier | Name of line | I. C. C. Docket No. |
|---------|--|-------------------------------|
| 38 | Billings Transfer Corporation, Inc. | MC 2473—Certificate. |
| 39 | Cochrane Transportation Co. | MC 29664—Certificate. |
| 40 | Carolina-Norfolk Truck Line, Inc. | MC 62826. |
| 41 | Davidson Transfer & Storage Co. | MC 69281. |
| 42 | Tidewater Express Lines, Inc. | MC 1034. |
| 43 | Great Southern Trucking Co. | MC 2900. |
| 44 | Shein's Express, Inc. | MC 80904. |
| 45 | Joseph G. Whinney, Jr. | MC 35463. |
| 46 | Novick Transfer Co. | MC 7450—Certificate. |
| 1742 47 | Red Lines, Inc. | MC 66371—Certificate. |
| 48 | York Motor Express, Inc. | MC 1440. |
| 49 | Bristow Brothers | MC 80424—Certificate. |
| 50 | Victor Lynn Transportation Company | MC 65647. |
| 51 | Colonial Motor Freight Line | MC 1380. |
| 52 | Spotswood Transfer Co. | MC 68168. |
| 53 | Lewis & Holmes Motor Freight Corp. | MC 61446. |
| 54 | Great Coastal Express, Inc. | MC 4491. |
| 55 | ET & WNC Motor Transportation Co. | MC 60743. |
| 56 | Horlacher Delivery Service, Inc. | MC 60580—Certificate. |
| 57 | Fredrickson Motor Express Corp. | MC 28307—Certificate. |
| 58 | Dail Trucking Company, Inc. | MC 2950. |
| 59 | Tallant Transfer Company, Inc. | MC 59014 (III). |
| 60 | Davis Motor Lines, Inc. | MC 7614 and Sub. No. 1 (VII). |
| 61 | Turners Transfer | MC 66601 (I). |
| 62 | Hitchcock Motor Express | MC 8283. |
| 63 | C. L. Whitmore's Fast Freight. | MC 85235 (I). |
| 64 | Crescent Motor Lines, Inc. | MC 60756 and Sub. No. 1. |
| 65 | Steverson & Son | MC 93616 (I). |
| 66 | Alabama Highway Express, Inc. | MC 71516 (I). |
| 67 | Elders Transfer Company, Inc. | MC 3949 (I). |
| 68 | North-South Freightways, Inc. | MC 77365 (I). |
| 69 | Bondurant Motor Lines | MC 5712 (I). |
| 70 | Textile Truckers, Inc. | MC 29624. |
| 71 | James Walter Huckabee | MC 46016 (I). |
| 72 | McDougald Transfer Company | MC 60749 (VIII). |
| 73 | Joseph Allen Moore | MC 4485 (I). |
| 74 | Parker Transportation Co. | MC 66552 (I). |
| 75 | Savage Truck Line | MC 13832. |
| 76 | Southern United Lines, Inc. | MC 24403 (I). |
| 77 | Charles T. Brown Truck Lines | MC 75192 (I). |
| 78 | Disher Transfer & Storage Co. | MC 9710 (VIII), MC 9711. |
| 79 | Ernest L. Harner | MC 46036 (I). |
| 80 | M. P. Lippe | MC 7315 (VIII). |
| 81 | Charles Warren Fairwell, Jr. | MC 903 (I). |
| 82 | Richardson Motor Lines | MC 13722 (I). |
| 83 | Roy Stone Transfer Corporation | MC 61825 (I). |
| 84 | Whisnant Transfer Company | MC 92649 (I). |
| 85 | Wright Motor Lines | MC 74367 (I). |
| 86 | Stanleytown Motor Lines, Incorporated. | MC 63640 (II). |
| 87 | The Major Transfer Co. | MC 828 (I). |
| 88 | R. Glenn Winecoff | MC 45736 (VI). |
| 89 | Reliable Trucking Company, Inc. | MC 87588 (I). |
| 90 | Modern Transfer Co., Inc. | MC 35469. |
| 91 | Pee Dee Express, Inc. | MC 42203. |
| 92 | Blanton Trucking Co., Inc. | MC 41984. |
| 93 | Ernest C. Hendrix, Inc. | MC 16398 (I). |
| 1743 94 | Clay's Transfer | MC 31809. |
| 95 | Carlie McRoy Bowers | MC 84086—Certificate. |
| 96 | Clay Ryder | MC 25798 (I). |
| 97 | Scherr Hoffman Motor Lines, Inc. | MC 44142. |
| 98 | Carolina Transfer & Storage Co., Inc. | MC 30273 (I). |
| 99 | A. W. Hawkins, Inc. | MC 47874 (I). |
| 100 | Johnson Transfer Co. | MC 30280. |
| 101 | Motor Freight Express | MC 59057—Certificate. |
| 102 | H. W. Miller Trucking Co. | MC 41598, Sub. 2. |
| 103 | Central Jersey Motor Lines, Inc. | MC 37257. |
| 104 | Batesburg Hauling, Inc. | MC 66299—Certificate. |
| 105 | Lansdale-Philadelphia Express | MC 35713. |
| 106 | J. S. Mann | MC 61689. |
| 107 | Joseph Meltzer Transfer & Express, Inc. | MC 725 (I). |
| 108 | Brown Transfer & Storage Company | MC 21597—Certificate. |
| 109 | R. A. Byrnes, Incorporated. | MC 60186. |
| 110 | M. D. Hicklin | MC 76839—Certificate. |
| 111 | George W. Brown, Inc. | MC 65491 (I). |
| 112 | Middle Atlantic Transportation Co., Inc. | MC 44592. |
| | Burton Lines, Inc. | MC 389. |

| Carrier | Name of line | I. C. C. Docket No. |
|---------|---|------------------------------|
| 113 | Miller's Motor Freight Service | MC 30243 (I). |
| 114 | York Transfer Company | MC 9000. |
| 115 | Motor Rail Company | MC 87035 (I). |
| 116 | Peoples Motor Express | MC 5835. |
| 117 | C. E. Buete & Sons, Inc. | MC 17781. |
| 118 | A. D. Pyle | MC 39140. |
| 119 | Union Storage & Warehouse Co., Inc. | MC 44091. |
| 120 | Garford Trucking, Inc. | MC 1091 (I). |
| 121 | Lucas Lines, Inc. | MC 310. |
| 122 | Fisher's Transfer | MC 30178. |
| 123 | Salem Express | MC 2249, Sub. 1—Certificate. |
| 124 | B & E Transportation Co., Inc. | MC 17778. |
| 125 | J. F. Short | MC 71085 (I). |
| 126 | Mays Transfer Company | MC 9143—Certificate. |
| 127 | Transportation Freight Forwarding Co | MC 48275 (I). |
| 128 | Moore's Trucking Co., Inc. | MC 77479. |
| 129 | Smith's Transfer | MC 58541. |
| 130 | Tri-City Freight Lines | MC 666 (I). |
| 131 | Eastern Pioneer Transportation Co. | MC 19255. |
| 132 | Transport Corporation of Virginia | MC 44129 and Subs. |
| 133 | Textile Warehouse Company | MC 11402. |
| 134 | Russo Trucking Company | MC 59576 (2). |
| 135 | Princess Anne Motor Transportation | MC 46073 (I). |
| 136 | Overnite Transportation, Inc. | MC 76560. |
| 137 | Nick Stefanelle | MC 25894 (I). |
| 138 | Bingaman Motor Express Co., Inc. | MC 19. |
| 139 | Wilson Trucking Corporation | MC 64000. |
| 140 | The A A A Trucking Corporation | MC 3753. |
| 141 | White's Express Company, Inc. | MC 84775 (I). |
| 142 | Jones Motor Company | MC 4983. |
| 143 | J. C. Milstead Transfer | MC 84605 (I). |
| 144 | Harrison Motor Freight | MC 29512 (I). |
| 145 | Capitol Motor Lines, Incorporated | MC 10296—Certificate. |
| 146 | Exchange Forwarding Corporation | MC 51211. |
| 147 | American Transfer Co. | MC 36746. |
| 148 | Needham's Motor Service, Inc. | MC 38921. |
| 149 | Savage Truck Line | MC 12832. |
| 150 | Lippincott's Express | MC 60909, Sub. 1. |
| 151 | Eastern Motor Express | MC 70001—Certificate. |
| 152 | Albert's Delivery Service | MC 31111. |
| 153 | McLeod's Transfer, Inc. | MC 2240 (I). |
| 154 | Apex Express, Inc. | MC 31044. |
| 155 | Champion Storage & Trucking Co. | MC 42501—Certificate. |
| 156 | Atkinson-Motor Freight Co., Inc. | MC 43707. |
| 157 | Booze Truck Lines | MC 1925. |
| 158 | Charley's Express, Inc. | MC 2257. |
| 159 | James H. Cochrane | MC 76267 (I). |
| 160 | Gale's Trucking Service | MC 35664. |
| 161 | Champion Storage & Trucking Co. | MC 42501—Certificate. |
| 162 | Jendley's Express & Storage, Inc. | MC 18889. |
| 163 | Geo. Thomas Miles | MC 52527 and Sub. 1. |
| 164 | Jersey Coast Transfer Co., Inc. | MC 50491. |
| 165 | T. H. Rash | MC 37248—Certificate. |
| 166 | New York & New Brunswick Auto Express Co., Inc. | MC 30332. |
| 167 | O. C. Wiley & Sons, Inc. | MC 60284 (I). |
| 168 | Rupp Trucking Company, Inc. | MC 7850 (I). |
| 169 | John Lewis Patterson | MC 63541. |
| 170 | The Shippers Freight Forwarding Company | MC 220 (I). |
| 171 | Textile Motor Lines, Inc. | MC 78386. |
| 172 | Frank P. Sickinger | MC 31366. |
| 173 | R. Glenn Winecoff | MC 4736 (VI). |
| 174 | Cumberland Motor Express Corp. | MC 40396. |
| 175 | American Brokerage & Warehouse Co. | MC 65816. |
| 176 | Marshall's Express | MC 30276. |
| 177 | Carolina Transfer Company | MC 20695. |
| 178 | Sullivan Lines | MC 47109 (I). |
| 179 | E. J. Mc Transfer Company | MC 24980. |
| 180 | John D. Blair, Jr., d/b/a Wehaulem | MC 16295 (I). |
| 181 | Standard Bonded Warehouse Co. | MC 39978. |
| 182 | Draper Motor Service | MC 41875. |
| 183 | Greyvan Lines, Inc. | MC 14786 (I). |
| 184 | Scheer Hoffman Motor Lines, Inc. | MC 44142. |
| 185 | L. F. Berry | MC 2697. |
| 186 | Shore Transportation Co. | MC 50433. |
| 187 | Centre Trucking Company, Inc. | MC 46875 (I). |

| Carrier | Name of line | I. C. C. Docket No. |
|----------|---|-------------------------------------|
| 188 | Red Lion Moving Co., Inc. | MC 22520. |
| 189 | Marvin Widenhouse | MC 74171. |
| 190 | Kelly Motor Lines | MC 84404. |
| 191 | Berry & Decker Transfer | MC 3130 and Sub. 1—Certificate. |
| 192 | Shaw Transfer Company | MC 64112. |
| 193 | Textile Motor Freight | MC 7555—Certificate. |
| 1745 194 | Southern Motor Express, Inc. | MC 2913 (V). |
| 195 | C. B. Green & Son | MC 3120 and Sub. No. 1—Certificate. |
| 196 | J. C. Bankett | MC 74390. |
| 197 | Blue Ridge Transfer Co., Inc. | MC 63417 and Sub. No. 1 (I). |
| 198 | Hitchcock Motor Express | MC 8283. |
| 199 | Southern Storage Warehouse Co., Inc. | MC 1745. |
| 200 | Bruce Johnson | MC 30446. |
| 201 | Lota H. Yeatts | MC 30237. |
| 202 | S. & W. Motor Lines | MC 40408. |
| 203 | F. P. Eller Trucking Company, Inc. | MC 62110. |
| 204 | Northeastern Lines, Inc. | MC 41235 (I). |
| 205 | Billings Transfer Corporation, Inc. | MC 2473—Certificate. |
| 206 | W. R. Candler Transfer Co. | MC 37421. |
| 207 | Griffin Transfer Company | MC 89833—Certificate. |
| 208 | R. M. Hazelwood | MC 50566—Certificate. |
| 209 | Owens Transfer Co. | MC 40382. |
| 210 | Pinnix Transfer Co. | MC 61264—Certificate. |
| 211 | Winfree Transfer | MC 89240. |
| 212 | Fleming Transfer | MC 19617, Sub. 1 (I). |
| 213 | Lloyd E. Coleburn | MC 40712. |
| 214 | Clay's Transfer | MC 31809. |
| 215 | M. C. Garner | MC 63295. |
| 216 | Henderson Bonded Lines | MC 80990 (I). |
| 217 | C. S. Henry Transfer | MC 38154. |
| 218 | Southern Motor Express, Inc. | MC 2913 (V). |
| 219 | Thaddeus J. Snyder | MC 1621. |
| 220 | H. Earle Pitzer | MC 51661, Sub. 1 and 2. |
| 221 | Dade Brothers | MC 68073. |
| 222 | Mabel Daugherty Bryant | MC 22463 (I). |
| 223 | Joseph Toussaint | MC 26404 (I). |
| 224 | John David Barrieks | MC 30082. |
| 225 | Jimmie Thomas Bryant | MC 51012. |
| 226 | Buglio Trucking Company | MC 60183. |
| 227 | Morris Tarber | MC 15874. |
| 228 | American Transfer Co. | MC 26746. |
| 229 | Edna J. Beaver | MC 66900. |
| 230 | Red Line Transfer Co. | MC 33953—Certificate. |
| 231 | Roy Rittenhouse | MC 2081—Certificate. |
| 232 | August Apel, Jr. | MC 11679 (I). |
| 233 | Charles O. Keetle | MC 27751, Sub. 1. |
| 234 | Reuben Shapiro, d/b/a Famous Trucking Co. | MC 95788. |
| 235 | E. A. Gallagher | MC 77560 (I). |
| 236 | Geo. H. Louderback | MC 9909—Certificate. |
| 237 | Charles Needing Trucking Co., Inc. | MC 43749—Certificate. |
| 238 | Harold C. Mount, Inc. | MC 1908. |
| 239 | Olney Trucking Co., Inc. | MC 2700 (I). |
| 1746 240 | Branch Motor Express Company | MC 10876. |
| 241 | Mark Anthony | MC 92138. |
| 242 | Martin M. Derr | MC 1106. |
| 243 | Louis L. Evans | MC 78619. |
| 244 | James A. Stevensen | MC 33556. |
| 245 | Lorenzetti & Son | MC 1904. |
| 246 | The A A A Trucking Corporation | MC 3753. |
| 247 | Joseph G. Whinnay, Jr. | MC 35463. |
| 248 | C & C Trucking Company, Inc. | MC 40087. |
| 249 | South Hudson Trucking Company, Inc. | MC 39909—Certificate. |
| 250 | Penn-New Jersey Transportation Company | MC 5380. |
| 251 | Greenberg's Fast Freight | MC 14935. |
| 252 | Theodore Diebold | MC 16827. |
| 253 | Bitler's Transfer Company, Inc. | MC 27845. |
| 254 | Askin Trucking Company, Inc. | MC 30027. |
| 255 | Willard M. Whitney | MC 68807. |
| 256 | A. E. F. Transportation Service | MC 21077, Sub. 1. |
| 257 | Bruno Brothers | MC 2111. |
| 258 | Tatum Dalton Transfer Company | MC 33002 (IV). |
| 259 | Gibbons & Wilson Transfer, Inc. | MC 3804. |
| 260 | Hunter Motor Freight, Inc. | MC 8298 (I). |
| 261 | Textile Truckers, Inc. | MC 29624 (I). |
| 262 | Taylor & Son | MC 32680. |

| Carrier | Name of line | I. C. C. Docket No. |
|---------|--|----------------------------|
| 263 | J. W. Propst, Jr., Inc. | MC 47603. |
| 264 | The Peninsula Corporation | MC 14449, Sub. 1. |
| 265 | Samuel Wilford Martin | MC 76477. |
| 266 | Jerre's Arrow Line | MC 55486—Certificate. |
| 267 | Charles Gerber | MC 94397. |
| 268 | Coffman Brothers | MC 1072. |
| 269 | William Thomas Taylor, Jr. | MC 24594. |
| 270 | J. T. Brown Drayage Company | MC 75865—Certificate. |
| 271 | Wm. Thos. Taylor, Jr. | MC 24594. |
| 272 | Timed Freight Transportation Co. | MC 14760. |
| 273 | Swift Transfer Company | MC 11020—Certificate. |
| 274 | Great Coastal Express, Inc. | MC 4491. |
| 275 | Southern Spindle & Flyer Co., Inc. | MC 43463. |
| 276 | T. W. Gregory | MC 445. |
| 277 | Carmichael's Transfer | MC 1619. |
| 278 | David Leslie Maitland | MC 44401. |
| 279 | Vance Trucking Company, Inc. | MC 63080 (IX)—Certificate. |
| 280 | C. O. Bumgarner | MC 15966. |
| 281 | Marvin Wade, Jr. Transfer | MC 49211. |
| 282 | Stephen J. Gaglione | MC 35001. |
| 283 | Gus Dull's Transfer Company | MC 61249. |
| 284 | Hugh A. Via | MC 27243. |
| 285 | Burton Lines, Inc. | MC 2654. |
| 286 | Staunton Motor Transport, Incorporated | MC 20659. |
| 287 | Brown Motor Lines & Stg. Company | MC 32020. |
| 288 | White Truck Line | MC 38171. |
| 289 | Jocie Motor Lines, Inc. | MC 60290 (I). |
| 290 | Warren Transfer Company | MC 52368. |
| 291 | Lowther Trucking Company | MC 2545. |

1747 X Service unknown; point included in certificate.

(I) Application pending before Commission.

(II) Application pending, claims general commodities from area in Virginia to points in other states and on return from those states to Virginia and North Carolina.

(III) Certificate authorizes general commodities with usual exceptions from points in states Florida through New Jersey and New York Commercial Zone to Hickory and points within 25 miles thereof.

(IV) Certificate also provides for general commodities between Greensboro and points within 60 miles thereof.

(V) Also includes authority to transport general commodities, with usual exceptions, between Lincolnton, North Carolina, and New York City.

(VI) Also includes special commodities from certain points in North Carolina to Baltimore, Philadelphia, New York City, Chicago, Columbus, Norfolk, and certain return commodities.

(VII) This carrier is known to be operating over greater part of Atlantic Seaboard, extending at least from Greenville, S. C., to New England, but details respecting services beyond are not known. Application pending.

(VIII) Carrier is known to be operating between East and South, but exact details are not known. Application pending.

(IX) This carrier also has rights to transport general commodities, with usual exceptions between Baltimore, Maryland, and Henderson, North Carolina, including Richmond and other intermediate points.

Exhibit No. 17

Before the Interstate Commerce Commission
Re Application The Associated Transport, Inc.

Witness, Joseph P. Mead.

PARTIAL LIST OF MOTOR CARRIERS SERVING SAME TERRITORY AS
M. MORAN TRANSPORTATION LINES, INC.

[illegible]

| | | | | | | | | | | |
|------|----|--|--|--|--|--|--|--|--|--|
| 1E | 10 | | | | | | | | | |
| 1F | 12 | | | | | | | | | |
| 2 | 8 | | | | | | | | | |
| 2A | 9 | | | | | | | | | |
| 2B | 10 | | | | | | | | | |
| 2C | 12 | | | | | | | | | |
| 2D | 17 | | | | | | | | | |
| 2E | 24 | | | | | | | | | |
| 2F | 20 | | | | | | | | | |
| 3 | 7 | | | | | | | | | |
| 3A | 6 | | | | | | | | | |
| 3B | 8 | | | | | | | | | |
| 3C | 10 | | | | | | | | | |
| 3D | 11 | | | | | | | | | |
| 3E | 25 | | | | | | | | | |
| | 14 | | | | | | | | | |
| 4A | 17 | | | | | | | | | |
| 4B | 17 | | | | | | | | | |
| 4C | 21 | | | | | | | | | |
| 4D | 28 | | | | | | | | | |
| 5 | 19 | | | | | | | | | |
| 1749 | | | | | | | | | | |
| 5A | 19 | | | | | | | | | |
| 5B | 18 | | | | | | | | | |
| 5C | 22 | | | | | | | | | |
| 6 | 20 | | | | | | | | | |
| 6A | 19 | | | | | | | | | |
| 6B | 21 | | | | | | | | | |
| 7 | 19 | | | | | | | | | |
| 7A | 16 | | | | | | | | | |
| 8 | 23 | | | | | | | | | |

| Route No. | Number of carriers | Cleveland, O. | Erie, Pa. | Buffalo, N. Y. | Rochester, N. Y. | Syracuse, N. Y. | Albany, N. Y. | Beyond Albany, N. Y. |
|-----------|--------------------|---------------|-----------|----------------|------------------|-----------------|---------------|----------------------|
| 9 | 3 | | | | | | | |
| 10 | 4 | | | | | | | |
| 11 | 7 | | | | | | | |
| 12 | 7 | | | | | | | |
| 13 | 9 | | | | | | | |
| 14 | 6 | | | | | | | |

| 1750 | Route No. | Number of carriers | Cleveland, beyond | Cleveland, O. | Erie, Pa. | Jamestown, N. Y. | Olean, N. Y. | Elmira, N. Y. | Buchanan, N. Y. | Philadelphia, Pa. | Philadelphia, beyond |
|------|-----------|--------------------|-------------------|---------------|-----------|------------------|--------------|---------------|-----------------|-------------------|----------------------|
| 15 | | 4 | | | | | | | | | |
| 15A | | 4 | | | | | | | | | |
| 15B | | 4 | | | | | | | | | |
| 15C | | 5 | | | | | | | | | |
| 15D | | 5 | | | | | | | | | |
| 15E | | 6 | | | | | | | | | |
| 16 | | 4 | | | | | | | | | |
| 16A | | 6 | | | | | | | | | |
| 16B | | 4 | | | | | | | | | |
| 16C | | 5 | | | | | | | | | |
| 16D | | 3 | | | | | | | | | |
| 16E | | 5 | | | | | | | | | |
| 17 | | 4 | | | | | | | | | |
| 17A | | 6 | | | | | | | | | |
| 17B | | 5 | | | | | | | | | |
| 17C | | 5 | | | | | | | | | |
| 17D | | 6 | | | | | | | | | |
| 17E | | 4 | | | | | | | | | |
| 18 | | 4 | | | | | | | | | |
| 18A | | 6 | | | | | | | | | |
| 18B | | 3 | | | | | | | | | |
| 18C | | 2 | | | | | | | | | |
| 18D | | 3 | | | | | | | | | |
| 19 | | 4 | | | | | | | | | |
| 19A | | 5 | | | | | | | | | |
| 19B | | 6 | | | | | | | | | |
| 19C | | 5 | | | | | | | | | |
| 20 | | 4 | | | | | | | | | |
| 20A | | 11 | | | | | | | | | |
| 20B | | 7 | | | | | | | | | |
| 21 | | 1 | | | | | | | | | |
| 21A | | 13 | | | | | | | | | |

| | | | | | | | | | |
|-----|----|--|--|--|--|--|--|--|--|
| 17A | | | | | | | | | |
| 17D | 6 | | | | | | | | |
| 17E | 7 | | | | | | | | |
| 18 | 4 | | | | | | | | |
| 18A | 6 | | | | | | | | |
| 18B | 3 | | | | | | | | |
| 18C | 2 | | | | | | | | |
| 18D | 3 | | | | | | | | |
| 19 | 4 | | | | | | | | |
| 19A | 5 | | | | | | | | |
| 19B | 6 | | | | | | | | |
| 19C | 5 | | | | | | | | |
| 20 | 4 | | | | | | | | |
| 20A | 11 | | | | | | | | |
| 20B | 7 | | | | | | | | |
| 21 | 4 | | | | | | | | |
| 21A | 13 | | | | | | | | |

| 1751 | Route No. | Number of carriers | Albany, N. Y. | Utica, N. Y. | Syracuse, N. Y. | Binghamton, N. Y. | Philadelphia, Pa. | Philadelphia, beyond |
|------|-----------|--------------------|---------------|--------------|-----------------|-------------------|-------------------|----------------------|
| 22 | | 5 | | | | | | |
| 22A | | 5 | | | | | | |
| 22B | | 7 | | | | | | |
| 23 | | 6 | | | | | | |
| 23A | | 4 | | | | | | |
| 24 | | 8 | | | | | | |
| 24A | | 6 | | | | | | |
| 25 | | 4 | | | | | | |

| | Route No. | Number of carriers | Buffalo, N. Y. | Rochester, N. Y. | Elmira, N. Y. | Binghamton, N. Y. | Philadelphia, Pa. | New York, N. Y. | Olean, N. Y. | Beyond Albany, N. Y. |
|-----|-----------|--------------------|----------------|------------------|---------------|-------------------|-------------------|-----------------|--------------|----------------------|
| 26 | | 14 | | | | | | | | |
| 26A | | 10 | | | | | | | | |
| 26B | | 10 | | | | | | | | |
| 27 | | 11 | | | | | | | | |
| 27A | | 6 | | | | | | | | |
| 28 | | 12 | | | | | | | | |
| 28A | | 14 | | | | | | | | |
| 29 | | 6 | | | | | | | | |
| 30 | | 6 | | | | | | | | |
| 31 | | 1 | | | | | | | | |
| 31A | | 1 | | | | | | | | |

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APPENDIX A

| Docket | Name of carrier | Address | Routes |
|-------------|---|---------------------|---|
| 30205-84698 | A. & B. Fast Freight, Inc. | Akron, Ohio | 2E, 2D, 2C, 2B, 2F, 19C, 19B, 19A, 26, 17A. |
| 30138 | A. C. E. Transportation Co., Inc. | Akron, Ohio | 1, 9. |
| 2200 | Acme Fast Freight, Inc. | New York, N. Y. | 1, 1A, 1B, 1C, 1D, 1F, 2, 2A, 2B, 2C, 2D, 2E, 2F, 3, 3A, 3B, 3C, 3D, 3E, 4, 4A, 4B, 4C, 4D, 5, 5A, 5B, 5C, 6, 6A, 6B, 7, 7A, 8, 9, 10, 11, 12, 13, 14, 15, 15A, 15B, 15C, 15D, 16E, 16, 16A, 16B, 16C, 16E, 17, 17A, 17B, 17C, 17D, 17E, 18, 18A, 19, 19A, 20, 20A, 21, 21A, 22, 22A, 22B, 23, 23A, 24, 24A, 25, 26, 26A, 26B, 27, 27A, 28, 28A, 29, 30. |
| 72444 | Akron-Chicago Transp. Co., Inc. | Akron, Ohio | 1A, 1B, 1C, 1D, 1E, 1F, 21A, 18B, 19B, 2A, 2B, 2C, 2D, 2E, 2F, 4A, 26B, 3B, 3C, 3D, 3E, 4B, 4C, 4D, 5A, 5B, 5C, 6A, 6B, 7A, 18A, 18D, 24A, 29. |
| 66653 | All States Freight, Inc. | Akron, Ohio | 2A, 2B, 2C, 2D. |
| 1406 | Amsterdam Dispatch, Inc. | Amsterdam, N. Y. | 8. |
| 15737 | Atlantic Coast Freight Lines, Inc. | Baltimore, Md. | 27, 26. |
| 29943 | Axe & Arthur Motor Ex- press. | Syracuse, N. Y. | 5C. |
| 67585 | B & E Transportation | New York, N. Y. | 8. |
| 67215 | B & S Transportation Co., Inc. | South Boston, Mass. | 13, 6A, 7A, 14, 6B, 13. |
| 52214 | Batavia Motor Lines | Batavia, N. Y. | 4D. |
| 43046 | Beach Transportation Co. | New York, N. Y. | 4, 5, 6, 7, 8, 30, 28, 28A, 4A, 4B, 4C, 4D, 5A, 5B, 5C, 6A, 6B, 7A, 3, 3A, 3B, 3C, 3D, 3E. |
| 90194 | Benns, H. N., Auto Exp., Inc. | Syracuse, N. Y. | 6B. |
| 18215 | Berger, A. J., Transp. Lines, Inc. | Gardenville, N. Y. | 2E, 3E, 4, 4A, 26. |
| 63861 | Bernstein, B. L. | Passaic, N. J. | 8. |
| 48022 | Boston Buffalo Express, Inc. | Cambridge, Mass. | 4A, 5A, 5B, 5C, 6A, 6B, 7A. |
| 20178 | Bowers Trans. Lines | Pittsburgh, Pa. | 3E. |
| 59923 | Boyce Motor Lines | Canandaigua, N. Y. | 4, 5, 6, 7, 8, 20A, 21A, 22A, 23, 24, 26, 27, 28, 28A. |
| 79945 | Buffalo & Lockport Transp. Co. | Lockport, N. Y. | 4D, 4C. |
| 18254 | Buffalo Storage & Carting Co. | Buffalo, N. Y. | 2E, 2D, 2C, 3E, 2F, 3D, 3C. |
| 40394 | C. & M. Forwarding Co. | Rochester, N. Y. | 5. |
| 2589 | C. A. B. Y. Transporta- tion Co. | Cleveland, Ohio | 2D, 2E, 2F, 3D, 4D. |
| 29929 | Canny Trucking Co., Inc. | Binghamton, N. Y. | 28, 28A. |
| 34483 | Central New York Freight- ways, Inc. | Yonkers, N. Y. | 4, 5, 6, 7, 8, 28, 28A, 4A, 4C, 4D, 26A, 26B, 5A, 5C, 27A, 29, 6A, 24A, 20B, 22B. |
| 6884 | Cimpi, A. | Auburn, N. Y. | 6, 24. |
| 60391 | Cleveland & Buffalo Transit Co. | Cleveland, Ohio | 2E. |
| 75264 | Coleman Bros. Transp. Lines. | Rome, N. Y. | 6B. |
| 64630 | Cowan, W. T., Inc. | Baltimore, Md. | 21A. |
| 18198 | Cox Transportation Co. | Cleveland, Ohio | 1D, 1E, 1F, 2D, 2E, 2F, 3D, 3E, 4D. |
| 42654 | Dixie Ohio Express Co. | Akron, Ohio | 1E, 1F, 2F, 3E. |
| 84212 | Dorn's Transportation | Rensselaer, N. Y. | 8. |
| 76995 | Erie Freight Lines, Inc. | Cleveland, Ohio | 2A, 2B, 2C, 2D, 2E, 2F. |
| 65144 | Freer Bros. Motor Express Lines. | Ithaca, N. Y. | 24A. |
| 41594 | Glens Falls-New York Ex- press, Inc. | Glens Falls, N. Y. | 8. |
| 3339 | Globe Cartage | Indianapolis, Ind. | 2E. |
| 1401 | Goetzman & Newman | Newark, N. Y. | 5C. |
| 18480 | Hardinger Transfer | Erie, Pa. | 3E. |
| 29996 | Highway Freight | Jersey City, N. J. | 4, 5, 6, 7, 8. |
| 72033 | Interstate Magazine Haul- ing Corp. | New York, N. Y. | 7, 8. |

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| Docket | Name of carrier | Address | Routes |
|-----------|---|----------------------|---|
| 35628 | Interstate Motor Freight System | Grand Rapids, Mich. | 1, 1A, 1B, 1C, 1D, 1F, 2, 2A, 2B, 2C, 2D, 2E, 2F, 3, 3A, 3B, 3C, 3D, 3E, 4, 4A, 4B, 4C, 4D, 5, 5A, 5B, 5C, 6, 6A, 6B, 7, 7A, 8, 9, 10, 11, 12, 13, 14, 15, 15A, 15B, 15C, 15D, 15E, 16, 16A, 16B, 16C, 16E, 17, 17A, 17B, 17C, 17D, 17E, 18, 18A, 19, 19A, 20, 20A, 21, 21A, 22, 22A, 22B, 23, 23A, 24, 24A, 25, 26, 26A, 26B, 27, 27A, 28, 28A, 29, 30, 16D, 18D, 18C, 18B, 19B, 19C, 20B, 4D, 4C, 4B, 4A, 11, 4, 5C, 5B, 5A, 5, 12, 6, 6A, 6B, 13, 7A, 7, 8, 14, 26B, 26A, 26, 20A, 20B, 21A, 22. |
| 3566 | Keeshin Motor Express Co., Inc. | Chicago, Ill. | 4D, 4C, 4B, 4A, 11, 4, 5C, 5B, 5A, 5, 12, 6, 6A, 6B, 13, 7A, 7, 8, 14, 26B, 26A, 26, 20A, 20B, 21A, 22. |
| 75809 | Kultau Motor Express | Pittsburgh, Pa. | 3E. |
| 41091 | Lake Shore Transp. Lines, Inc. | Rochester, N. Y. | 4D. |
| 65135 | Langdon, Fred D. | Lyndonville, N. Y. | 5. |
| 7663 | Lapp Express Co., Inc. | Medina, N. Y. | 4D. |
| 30021 | Leavenworth Exp. & Refrigerator Service | Elmira, N. Y. | 20B, 26A. |
| 47327 | Lyons Transportation Co., Inc. | Erie, Pa. | 2E, 2F, 3E, 16D, 17A, 18D, 16E, 17E. |
| 47647 | Martin Transit Service, Inc. | Buffalo, N. Y. | 3E. |
| 10899 | McCullough Transfer, Inc. | Youngstown, Ohio | 2E, 2F, 3E, 17E. |
| 61502 | McCullough, Wm. Transp. Co., Inc. | E. Rutherford, N. J. | 6, 7, 8, 28A, 6A, 6B, 7A. |
| 28008 | Midwest Freight Forwarding Co. | Chicago, Ill. | 1. |
| 60827 | Motor Age Transit Lines. | Buffalo, N. Y. | 3E. |
| 3420 | Motor Express, Inc. | Cleveland, Ohio | 1E, 1F, 2E, 2F. |
| 65280 | Mushroom Transp., Co., Inc. | Kennett Square, Pa. | 21A, 26, 27. |
| 3456 | Mutual Trucking Co. | Toledo, Ohio | 1, K, 1D, 1E, 1F, 2, 2C, 2D, 2E, 2F, 3, 3C, 4C, 4D, 5, 5C, 6. |
| 40639 | National Carloading Corp. | New York, N. Y. | 1, 1A, 1B, 1C, 1D, 1F, 2, 2A, 2B, 2C, 2D, 2E, 2F, 3, 3A, 3B, 3C, 3D, 3E, 4, 4A, 4B, 4C, 4D, 5, 5A, 5B, 5C, 6, 6A, 6B, 7, 7A, 8, 9, 10, 11, 12, 13, 14, 15, 15A, 15B, 15C, 15D, 15E, 16, 16A, 16B, 16C, 16E, 17, 17A, 17B, 17C, 17D, 17E, 18, 18A, 19, 19A, 20, 20A, 21, 21A, 22, 22A, 22B, 23, 23A, 24, 24A, 25, 26, 26A, 26B, 27, 27A, 28, 28A, 29, 30. |
| 26771 | Nestor Brothers | Endicott, N. Y. | 28A. |
| 1754 9826 | Newell Trucking Co. | Dunkirk, N. Y. | 3E. |
| 1770 | Niagara Motor Express, Inc. | Syracuse, N. Y. | 4A, 5A, 6A, 7A, 4B, 5B, 6B, 4C, 5C, 4D. |
| 83430 | Oneida Motor Freight, Inc. | New York, N. Y. | 5, 6, 7, 8, 27, 5A, 5B, 5C, 6A, 6B, 7A. |
| 22334 | Onondaga Freight Corp. | New York, N. Y. | 4, 11, 4A, 4D, 4C, 4B, 5, 12, 5A, 5B, 5C, 6, 13, 6A, 6B, 7, 7A, 8, 1D, 1E, 1F, 15C, 15D, 15E, 2D, 2E, 3E, 16E, 16D, 4D, 16C, 26B, 2F. |
| MC-F-828 | Penn-Ohio-New York Express Corp. | Erie, Pa. | 4B, 4C, 4D, 26B, 29, 4, 5, 6, 7, 28. |
| 40147 | Poray's Express Lines, Inc. | Rochester, N. Y. | 8. |
| 32242 | Purdie, N. C., Corp. | Stanley, N. Y. | 4C, 4D, 5C. |
| 40169 | Radley, Ernest | Albany, N. Y. | 2, 5, 6, 7, 8, 4A, 4B, 4C, 4D, 5A, 5B, 5C, 6A, 6B. |
| 17550 | Raz Delivery Co. | Rochester, N. Y. | 26A, 27A. |
| 75004 | Red Star Express Lines of Auburn, Inc. | Auburn, N. Y. | 3E, 3A, 3B, 3C, 3D, 3, 17A, 17C, 17B, 17E, 17D, 4, 4A, 4B, 4C, 4D, 5, 5A, 5B, 5C, 6, 6A, 6B, 7, 7A, 8, 26B, 26A, 26, 20B, 20A, 28, 28A, 21A, 18D, 18C, 18B, 18A. |
| 59135 | | | |
| 73160 | Rhinevault Trucking Co., Inc. | Endicott, N. Y. | |
| 77668 | | | |
| 30899 | Richards Motor Freight Lines. | Scranton, Pa. | |

| Docket | Name of carrier | Address | Routes |
|--------|-----------------------------------|-------------------|--|
| 2202 | Roadway Express, Inc. | Akron, Ohio | 2, 2A, 2B, 2C, 2D. |
| 7514 | Roadway Transit Co. | Detroit, Mich. | 21F, 2E, 2F. |
| 60663 | Buffalo Trucking Service, Inc. | Newark, N. Y. | 5. |
| 30271 | S. & S. Transp. Co. | Wolcott, N. Y. | 4D. |
| 60669 | S. & W. Express Lines | Rochester, N. Y. | 4C. |
| 21995 | Safeway Truck Lines | Chicago, Ill. | 1E, 2E. |
| 3360 | Seaboard Freight Lines, Inc. | New York, N. Y. | 1E, 1F, 2E, 2F. |
| 43735 | Seneca Lines, Inc. | Elmira, N. Y. | 28, 28A, 31, 31A, 22B, 20A. |
| 70383 | Shippers Dispatch, Inc. | Chicago, Ill. | 1E, 2E, 3E. |
| 1658 | Shirks Motor Express Corp. | Lancaster, Pa. | 26, 27. |
| 857 | Spinnella, Rosario | Fulton, N. Y. | 6. |
| 59265 | Stibbs Transp. Lines, Inc. | Syracuse, N. Y. | 4A, 5A, 6A, 7A, 4B, 4C, 4D, 5A, 5B, 5C, 6A, 6B, 7A, 11, 12, 13, 4D. |
| 60609 | Stott & Davis Motor Express | Syracuse, N. Y. | 4D. |
| 81934 | Thurston Transp. & Storage, Inc. | Tonawanda, N. Y. | 4A, 5A, 6A, 7A, 4B, 4C, 4D, 5B, 5C, 6B. |
| 10761 | Transamerican Freight Lines, Inc. | Detroit, Mich. | 1, 1D, 1E, 1F, 2, 2D, 2E, 2F, 3E, 15E, 16E, 16A. |
| 57501 | Transportation Lines, Inc. | New York, N. Y. | 4, 5, 6, 7, 8, 30, 28A, 4A, 4B, 4C, 4D, 5A, 5B, 5C, 6A, 6B, 28, 20B, 19B, 19C. |
| 30086 | Universal Carloading & Dist. Co. | New York, N. Y. | 1, 1A, 1B, 1C, 1D, 1F, 2, 2A, 2B, 2C, 2D, 2E, 2F, 3, 3A, 3B, 3C, 3D, 3E, 4, 4A, 4B, 4C, 4D, 5, 5A, 5B, 5C, 6, 6A, 6B, 7, 7A, 8, 9, 10, 11, 12, 13, 14, 15, 15A, 15B, 15C, 15D, 15E, 16, 16A, 16B, 16C, 16E, 17, 17A, 17B, 17C, 17D, 17E, 18, 18A, 19, 19A, 20, 20A, 21, 21A, 22, 22A, 22B, 23, 23A, 24, 24A, 25, 25, 26A, 26B, 27, 27A, 28, 28A, 29, 30. |
| 1755 | 33768 Utica-New York Transp. | New York, N. Y. | 6, 7, 8, 20B, 28, 28A. |
| 60883 | Valetta, Frank S. | Endicott, N. Y. | 21A, 22B, 28A. |
| 10614 | Vollmer Transp. | Amsterdam, N. Y. | 22C, 7. |
| 8902 | Western Express Co. | Cleveland, Ohio | 2B, 2C, 2D, 2E, 2F, 31F, 3C, 3D, 3E, 4B, 4C, 4D, 5B, 5C, 6B. |
| 35463 | Whinnys Express | Philadelphia, Pa. | 20A, 21A, 24, 26, 27. |
| 23409 | Wolfe, G. E., Transp. Lines, Inc. | Holland, N. Y. | 3E. |
| 32411 | Woodin's Express | Troy, N. Y. | 5A. |
| 22638 | York Buffalo Motor Express. | York, Pa. | 24, 26, 27, 18A, 19A, 20A, 21A, 5B, 6B, 4D. |

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Exhibit No. 18

Before the Interstate Commerce Commission

Re Application The Associated Transport, Inc.

Witness: Mead.

LIST OF RAIL CARRIERS SERVING POINTS SHOWN ON MAP (EXHIBIT C-5 OF APPLICATION) OF ROUTES AND TERRITORIES INVOLVED IN THIS PROCEEDING

| Cities | Railways |
|------------------------------|---|
| Abingdon, Va. | Norfolk and West. |
| Albany, N. Y. | Boston & Albany; Delaware & H.; N. Y. Cent.; West Shore. |
| Albentown, Pa. | Cent. of N. J.; Lehigh & New Eng.; Lehigh Valley; Reading System. |
| Asbury Park, N. J. | Cent. of N. J.; N. Y. & Long Branch; Penna. |
| Asheboro, N. C. | High Point, Rand. A. & S.; Norfolk South. |
| Asheville, N. C. | Southern. |
| Athens, Ga. | Central of Ga.; Gainesville Midland; Georgia; Seaboard; Southern. |
| Atlanta, Ga. | Atlanta & W. Point; Atl. Birm. & Coast; Central of Ga.; Georgia; |
| | Louisville & Nashville; Nashv. Ch. & St. L.; Seaboard; Southern; |
| | Cent. of N. J.; Penna.; Pa.-Rdg.; Seashore Line. |
| Atlantic City, N. J. | Penna.; Balt. & Annapolis; B. & O.; West. Maryland; Maryland & |
| Baltimore, Md. | Penna.; Balt. & Eastern. |
| Batavia, N. Y. | Erie; Lehigh Valley; N. Y. C. |
| Binghamton, N. Y. | Delaware & Hud.; D. L. & W.; Erie. |
| Boston, Mass. | Boston & Albany; Boston & Maine; N. Y. N. H. & H.; Union Freight. |
| Bridgeport, Conn. | N. Y. N. H. & H. |
| Bristol, Tenn.-Va. | Norfolk and West.; Southern. |
| Buffalo, N. Y. | B. & O.; Buffalo Creek; D. L. & W.; Erie; Grand Trunk; Lehigh |
| | Valley; Michigan Cent.; N. Y. Cent.; N. Y. Chic. & St. Louis; |
| | Penna.; Pere Marquette; South Buffalo; Wabash; West Shore. |
| Burlington, N. C. | Southern. |
| Camden, N. J. | Penna.; Reading. |
| 1758 Canaan, Conn. | N. Y. N. H. & Hartford. |
| Cape Charles, Va. | Penna. |
| Carthage, N. Y. | N. Y. Central. |
| Chambersburg, Pa. | Penna.; Western Md. |
| Charlotte, N. C. | Norfolk Southern; Seaboard; Southern. |
| Chester, S. C. | Carolina & Northw.; Seaboard; Southern; Lane. & Chester. |
| Cleveland, O. | B. & O.; Cl. Cin. C. & St. L.; Erie; N. Y. C. R. R.; Penna. |
| Corning, N. Y. | D. L. & W.; Erie; N. Y. C. R. R. |
| Cumberland, W. Va. | B. & O.; Cumberland & Pa.; Penna.; Western Md. |
| Cumberland Gap, Tenn. | Louisville & Nashville; Southern. |
| Danbury, Conn. | N. Y. N. H. & H. |
| Danville, Va. | Danville & Western; Southern. |
| Dothan, Ala. | Atlau. & St. Andrews Bay; Atl. Coast Line; Cent. of Georgia. |
| Dover, Del. | Penna. |
| Durham, N. C. | Durham & Southern; Norfolk & West.; Norfolk Southern; Seaboard; |
| | Southern. |
| Elmira, N. Y. | Del., Lack. & West.; Erie; Lehigh Valley; Pennsylvania. |
| Erie, Pa. | Bes. & Lake Erie; N. Y. Central; N. Y. C. & St. L.; Penna. |
| Fayetteville, N. C. | Aberdeen & Rock.; Atl. Coast Line; Norfolk Southern. |
| Fitchburg, Mass. | Boston & Maine; N. Y. N. H. & H. |
| Flomaton, Ala. | Louisville & Nashville. |
| Franklin, N. C. | Tallah. Falls. |
| Frederick, Md. | B. & O.; Hagerstown & Fred.; Penna. |
| Fredericksburg, Va. | Rich. Fred. & Pot.; Virginia Central. |
| Fulton, N. Y. | Del., Lack. & West.; N. Y. Cent.; N. Y. Ont. & West. |
| Geneva, N. Y. | Lehigh Valley; N. Y. Cent. |
| Gettysburg, Pa. | Reading Sys.; Western Md. |
| Glens Falls, N. Y. | Del. & Hudson. |
| Gloucester, Mass. | Boston & Maine. |
| 1759 Great Barrington, Mass. | N. Y. N. H. & H. |
| Great Falls, S. C. | Seaboard. |
| Greenfield, Mass. | Boston & Maine. |
| Greensboro, N. C. | Atl. & Yadkin; Southern. |
| Greenville, S. C. | Charleston & West Carolina; Greenville & Northern; Piedmont |
| | & Northern; Southern. |
| Hagerstown, Md. | B. & O.; Hagerstown & Frederick; N. & W.; Penna.; Western Md. |
| Harrisburg, Pa. | Penna.; Reading. |
| Hartford, Conn. | New Haven. |
| Haverhill, Mass. | Boston & Maine. |

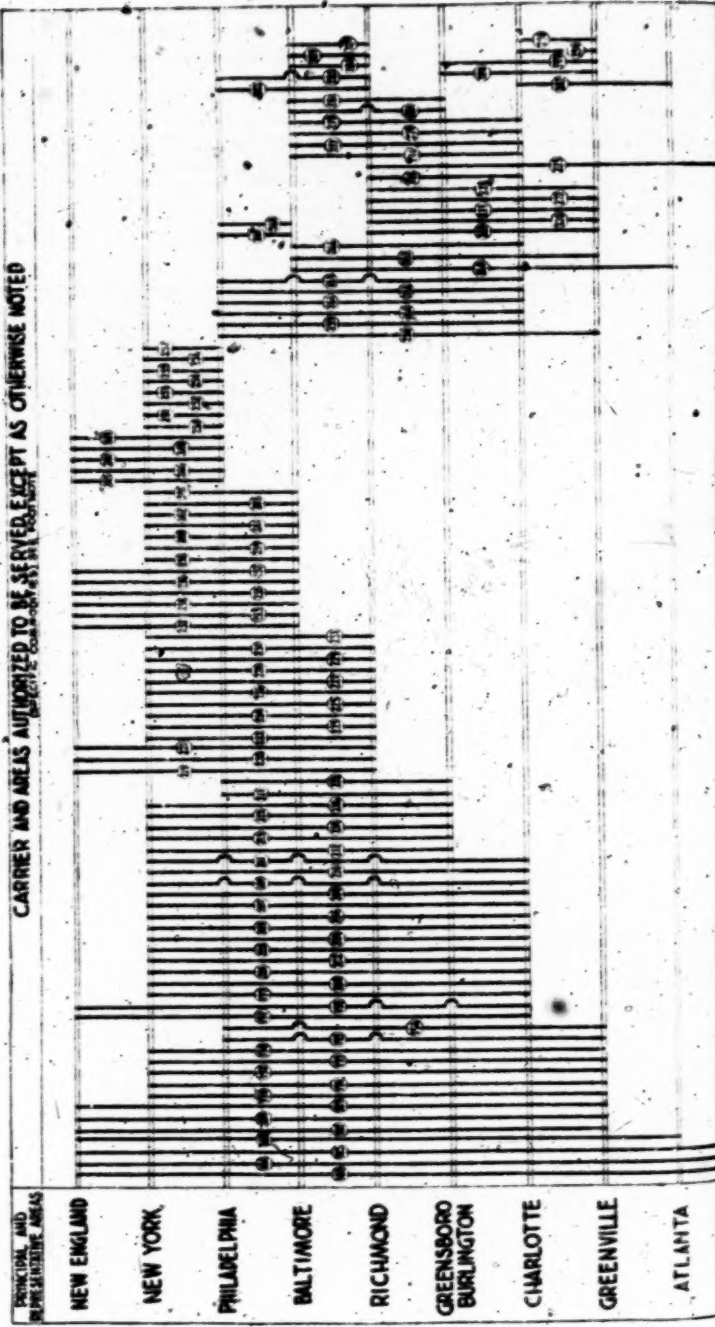
| Cities | Railways |
|--------------------------|---|
| Hazleton, Pa. | B. & O. |
| Hendersonville, N. C. | Southern. |
| High Point, N. C. | High Point Rand. Ash. & Sou.; High Point, Thomas. & Denton; Southern. |
| Hudson, N. Y. | Boston Albany; N. Y. Cent. |
| Jamestown, N. Y. | Erie; Jamestown Westfield & Northwestern. |
| Johnson City, Tenn. | Clinchfield; E. Tenn. & W. N. C.; Southern. |
| Kingsport, Tenn. | Clinchfield. |
| Knoxville, Tenn. | L. & N.; Smoky Mountain; Southern. |
| Lancaster, Pa. | Penna.; Reading. |
| Lewiston, Pa. | Penna. |
| Lexington, N. C. | Southern; Winston-Salem South Bound. |
| Lexington, Va. | B. & O.; C. & O. |
| Lock Haven, Pa. | N. Y. Cent.; Penna. |
| Lockport, N. Y. | Erie; N. Y. Cent.; Intl. |
| Lowell, Mass. | Boston & Maine; N. Y. N. H. & H. |
| Lynchburg, Va. | C. & O.; N. & W. |
| Malone, N. Y. | N. Y. Cent.; Rutland. |
| Maryville, Tenn. | Louisville & Nashville; Southern. |
| McColl, S. C. | Atl. Coast. Line; Seaboard. |
| Mobile, Ala. | A. T. & N.; G. M. & O.; L. & N.; Southern. |
| Montgomery, Ala. | A. C. L.; Cent. of Ga.; G. M. & O.; L. & N.; Seaboard; Western Ry. of Ala. |
| 1760 Murfreesboro, Tenn. | N. C. & St. L. |
| Nashville, Tenn. | L. & N.; N. C. & St. L.; Nashville Franklin; Tenn. Cent. |
| Newark, N. J. | B. & O.; C. of N. J.; D. L. & W.; Erie; Hudson & Manhattan, Lehigh Valley; Penna. |
| New Bedford, Mass. | N. Y. N. H. & H. |
| New Brunswick, N. J. | Penna.; Haritan River. |
| New Haven, Conn. | N. Y. N. H. & H. |
| New London, Conn. | N. Y. N. H. & H.; Cent. of Vt. |
| New Orleans, La. | G. M. & O.; I. C.; L. & A.; La. Southern; L. & N.; Mo. Pac.; New Orleans & Lower C.; Southern; Tex. of New O.; Sou. Pac.; T. & P.; T. P. Mo. Pac. |
| New York, N. Y. | B. & O.; Central R. R. of N. J.; D. L. & W.; Erie; Hudson & Manhattan; Lehigh Valley, L. I.; N. Y. Central; N. Y. N. H. & H.; N. Y. O. & W.; N. Y. Susq. & West; Penna.; S. I. Rapid Transit, West Shore. |
| Niagara Falls, N. Y. | Erie; Intl.; Lehigh; Michigan Central; N. Y. Cent.; Niag. Junction. |
| Norfolk, Va. | A. C. L.; C. & O.; N. & W.; Norfolk Sou.; Penna.; Seaboard; Southern; Virginian. |
| North Adams, Mass. | B. & A.; B. & M. |
| Ogdensburg, N. Y. | N. Y. Cent.; Rutland. |
| Olean, N. Y. | Erie; Penna.; P. S. & N. |
| Owego, N. Y. | D. L. & W.; Erie; Lackawanna. |
| Paterson, N. J. | D. L. & W.; Erie; N. Y. S. & W. |
| Peekskill, N. Y. | N. Y. Cent. |
| Pensacola, Fla. | L. & N.; Frisco. |
| Petersburg, Va. | A. C. L.; N. & W.; Seaboard. |
| Philadelphia, Pa. | B. & O.; Penna.; Reading. |
| Pittsburgh, Pa. | B. & O.; Penna.; P. & L. E. |
| Plattsburg, N. Y. | D. & H. |
| Plymouth, Mass. | N. Y. N. H. & H. |
| Poughkeepsie, N. Y. | N. Y. Central; N. Y. N. H. & H. |
| Providence, R. I. | New Haven. |
| Putnam, Conn. | N. Y. N. H. & H. |
| 1741 Raleigh, N. C. | Norfolk Sou.; Seaboard; Southern. |
| Reading, Pa. | Penna.; Reading. |
| Richmond, Va. | A. C. L.; C. & O.; R. F. & P.; Seaboard; Southern. |
| Roanoke, Va. | Norfolk & W.; Virginian. |
| Rochester, N. Y. | B. & O.; Erie; I. V.; N. Y. C.; Penn.; West Shore. |
| Rockport, Mass. | Boston & Maine. |
| Rome, Ga. | Central of Ga.; N. C. & St. L.; Southern. |
| Rome, N. Y. | N. Y. Cent.; N. Y. O. & W. |
| Salisbury, N. C. | Southern. |
| Schenectady, N. Y. | D. & H.; N. Y. Cent. |
| Scranton, Pa. | Cent. of N. J.; D. & H.; D. L. & W.; Erie; N. Y. O. & W. |
| Shamokin, Pa. | Penna.; Reading. |
| Spartanburg, S. C. | Clinchfield; Southern; Piedmont & No. |
| Springfield, Mass. | B. & A.; B. & M.; N. Y. N. H. & H. |
| Statesville, N. C. | Southern. |
| Stroudsburg, Pa. | D. L. & W.; Penna. |
| Sunbury, Pa. | D. L. & W.; Penna.; Reading. |
| Syracuse, N. Y. | D. L. & W.; N. Y. Cent.; West Shore. |
| Taunton, Mass. | New Haven. |
| Trenton, N. J. | Penna.; Reading. |
| Troy, N. Y. | B. & M.; D. & H.; N. Y. Cent. |
| Utica, N. Y. | D. L. & W.; N. Y. Cent.; N. Y. O. & W. |

| Cities | Railways |
|-----------------------|---|
| Warren, Pa. | N. Y. Cent.; Penna. |
| Washington, D. C. | B. & O., C. & O.; Penna.; R. F. & P.; Southern. |
| Waterbury, Conn. | New Haven. |
| Watertown, N. Y. | N. Y. Cent. |
| Wilkes-Barre, Pa. | C. of N. J., D. & H.; Lehigh; Penna. |
| Williamsport, Pa. | N. Y. Cent.; Penna.; Reading. |
| Wilmington, Del. | B. & O.; Penna.; Reading. |
| Winchester, Va. | B. & O.; Penna. |
| Winston Salem, N. C. | N. & W.; Southern. |
| 1762 Worcester, Mass. | B. & A.; B. & M.; New Haven. |
| York, Pa. | Penna.; Western Md. |

EXHIBIT OF PRINCIPAL MOTOR COMMON CARRIERS OPERATING IN COMPETITION WITH ARROW CARRIER CORPORATION AND OTHER MOTOR COMMON CARRIERS COMPOSING A PART OF ASSOCIATED TRANSPORT, INC.

1484

MCLEAN TRUCKING CO., INC., ET AL.



**CARRIERS OPERATING BETWEEN PHILLIPSBURG, N.J. AREA
AND A TEN MILE RADIUS OF THE FOLLOWING POINTS**

AND A TEN MILE RADIUS OF THE FOLLOWING POINTS

ALCANTARA PA

ANALYST

DANVILLE, PA.

HAZLETON, PA.

LEBANON, PA.

POTTSTOWN, PA.

POTTSVILLE, PA.

READING, PA

SCRANTON, PA.

SHAMOKIN, PA.

STROUBURG, M.

SUNBURY, MA

WUXES-BURG, PA

WILSON, DAVID

PHILLIPS

22

| 1776 | Carrier | Class | Name of line | Address |
|------|---------|-------|--------------------------------------|----------------------|
| 1 | A | A | Allentown-Bangor Motor Transfer | Bethlehem, Pa. |
| 2 | A | A | Allentown-Eastern Motor Express | Allentown, Pa. |
| 3 | A | A | Alto Trucking Company | West Hazleton, Pa. |
| 4 | B | A | American Carrier System | Newark, N. J. |
| 5 | B | A | American Freight Dispatch | Newark, N. J. |
| 6 | A | A | Auto Express | Scranton, Pa. |
| 7 | B | A | Academy Storage & Warehouse Co. | Newark, N. J. |
| 8 | A | A | Atlantic Transfer | Boyetown, Pa. |
| 9 | A | A | Anthracite Trucking Company | Scranton, Pa. |
| 10 | B | A | American Transport Corporation | Keamy, N. J. |
| 11 | A | A | B. & H. Transfer | Lehigh, Pa. |
| 12 | A | A | Bast, D. F. | Allentown, Pa. |
| 13 | A | A | Bill's Express | Binghamton, N. Y. |
| 14 | A | A | Binghamton Motor Express Company | Reading, Pa. |
| 15 | A | A | Black Diamond Fast Mtr. Freight | Dunmore, Pa. |
| 16 | B | A | Bolus Motor Lines | Scranton, Pa. |
| 17 | A | A | Boushell Carrier Company | Stroudsburg, Pa. |
| 18 | A | A | Branch Motor Express | New York, N. Y. |
| 19 | A | A | Buch, A. L. Express | Harrisburg, Pa. |
| 20 | B | A | Beach Transportation Company | New York, N. Y. |
| 21 | A | A | Brown, Sam. | Jersey Shore, Pa. |
| 22 | B | A | B & Z Express Company | West New York, N. J. |
| 23 | A | A | Barbuz, Anthony | Reading, Pa. |
| 24 | B | A | Brown, Geo. W. | New York, N. Y. |
| 25 | A | A | Binghamton Warehouse & Terminal | Binghamton, N. Y. |
| 26 | A | A | Canny Trucking Company | Binghamton, N. Y. |
| 27 | B | A | Cardinale Trucking Company | Whippany, N. J. |
| 28 | A | A | Condon's Express | Paterson, N. J. |
| 29 | A | A | Crown Motor Freight Company | Paterson, N. J. |
| 30 | A | A | Clark, M. A. | State College, Pa. |
| 31 | A | A | Central Storage & Transfer Co. | Harrisburg, Pa. |
| 32 | B | A | Cole's Trucking Service | Athens, Pa. |
| 33 | B | A | Crebbs, Paul | Northumberland, Pa. |
| 34 | B | A | Coilum Trucking Company | Jersey City, N. J. |
| 35 | A | A | Daley's Blue Line Transfer | Wilkes-Barre, Pa. |
| 36 | B | A | Duckworth, Asa Company | Newark, N. J. |
| 37 | B | A | Delaware Transportation Company | Belvidere, N. J. |
| 38 | B | A | Delaware Valley Transp. Company | Oxford, N. J. |
| 39 | B | A | Diebold, Theodore | Newark, N. J. |
| 40 | A | A | Eastern Carrier Corporation | Dunmore, Pa. |
| 41 | B | A | Essex Warehouse Company | Newark, N. J. |
| 42 | A | A | Eastern Motor Freight Company | Pittsburgh, Pa. |
| 43 | A | A | Fast Trucking Company | Newark, N. J. |
| 44 | A | A | Flanders Motor Express | Flanders, N. J. |
| 45 | A | A | Follmer Trucking Company | Danville, Pa. |
| 46 | A | A | Fowler & Williams | Scranton, Pa. |
| 47 | A | A | Frey, Peter J. | Allentown, Pa. |
| 48 | A | A | Frey's Motor Express | Phillipsburg, N. J. |
| 49 | A | A | Friedman's Express, Inc. | Wilkes-Barre, Pa. |
| 50 | B | A | Funston & Son | Muncy, Pa. |
| 51 | B | A | Frantz, A. M. | Muncy, Pa. |
| 52 | B | A | W. T. Fletcher & Son | Newark, N. J. |
| 53 | B | A | Forbes Company | Belleville, N. J. |
| 54 | B | A | Frey & Powell | Spring City, Pa. |
| 55 | A | A | Gillette Motor Express | Honesdale, Pa. |
| 56 | B | A | Garford Trucking Company | South River, N. J. |
| 57 | A | A | Glucks Motor Express | Pottsville, Pa. |
| 58 | A | A | Goble, H. L. Company | Great Meadows, N. J. |
| 59 | A | A | Gregg's Motor Lines | Scranton, Pa. |
| 60 | A | A | German, Amundus S. | Allentown, Pa. |
| 61 | B | A | Geroulo Brothers | Allentown, Pa. |
| 62 | B | A | Good, Earl R. | Lancaster, Pa. |
| 63 | A | A | Gillespie, H. L. | Honesdale, Pa. |
| 64 | A | A | Hall's Motor Transit Company | Sanbury, Pa. |
| 65 | B | A | Harman & Myers Express | Montgomery, Pa. |
| 66 | A | A | Hartence, Orville | Easton, Pa. |
| 67 | A | A | Hemming's Express | Long Valley, N. J. |
| 68 | A | A | Horbacher Delivery Service | Philadelphia, Pa. |
| 69 | B | A | Heffelfinger Freight Lines | Myerstown, Pa. |
| 70 | A | A | Hall's Fast Motor Freight | Plainfield, N. J. |
| 71 | A | A | Hartmans-Lebanon Transfer | Stellton, Pa. |
| 72 | B | A | Helm New York & Pittsburgh Express | Newark, N. J. |
| 73 | B | A | Hicks Brothers | Belvidere, N. J. |
| 74 | B | A | Highway Freight | Jersey City, N. J. |
| 75 | A | A | Hochman Motor Express | Terre Hill, Pa. |
| 76 | B | A | Hoffman Motor Transportation Company | Harrisburg, N. J. |
| 77 | B | A | International Motor Freight | Paterson, N. J. |
| 78 | B | A | Interboro Trucking Company | Perth Amboy, N. J. |

| Carrier | Class | Name of line | Address |
|----------|-------|---|-----------------------|
| 79 | B | Interstate Magazine Hauling Corporation | New York, N. Y. |
| 80 | A | Interstate Dress Carriers | New York, N. Y. |
| 81 | A | Interstate Motor Freight System | Detroit, Mich. |
| 82 | A | Jones Motor Company | Spring City, Pa. |
| 83 | A | Karns Transfer, Inc. | Hazleton, Pa. |
| 84 | A | Keeshin Motor Express | Chicago, Ill. |
| 85 | A | Keystone Express & Storage Company | Lancaster, Pa. |
| 86 | A | Kuhn's Transfer, Inc. | Wilkes-Barre, Pa. |
| 1769 87 | B | Lakeland Express | Dover, N. J. |
| 88 | A | Lancaster Transportation Company | Lancaster, Pa. |
| 89 | B | Laubach, M. K. Transp. Company | Phillipsburg, N. J. |
| 90 | A | Lehigh Valley Transit Co., Company | Allentown, Pa. |
| 91 | A | Lehigh Valley Transp. Company | Allentown, Pa. |
| 92 | A | Leibensperger, A. C. Mtr. Express | Allentown, Pa. |
| 93 | A | Libe, E. B. Auto Transfer | Phillipsburg, N. J. |
| 94 | B | Lobb, Wm. J. | Pen Argyll, Pa. |
| 95 | B | Langer Transportation Corp. | Newark, N. J. |
| 96 | A | Lansdale-New York Mtr. Express | Lansdale, Pa. |
| 97 | B | Lehigh Transportation Company | Newark, N. J. |
| 98 | B | Lock Haven Transfer Company | Lock Haven, Pa. |
| 99 | A | Lancaster-New York Motor Express | Lancaster, Pa. |
| 100 | A | McFadden Freight Lines | Allentown, Pa. |
| 101 | B | McCullough, Wm. Transp. Company | E. Rutherford, N. J. |
| 102 | B | McPeak, P. J. | Scranton, Pa. |
| 103 | A | Modern Transfer Company | Allentown, Pa. |
| 104 | A | Motor Freight Express Company | York, Pa. |
| 105 | B | Middle Atlantic Transp. Company | New York, N. Y. |
| 106 | B | Madison Transportation Company | Kearny, N. J. |
| 107 | B | Miller's Motor Freight Service | York, Pa. |
| 108 | B | Monarch Motor Freight Lines | Newark, N. J. |
| 109 | B | Moore's Trucking Company | Plainfield, N. J. |
| 110 | A | Moyer, Chas. C. | Wilkes-Barre, Pa. |
| 111 | A | Nestor Brothers | Endicott, N. Y. |
| 112 | A | New Pennsylvania Mtr. Express | Lebanon, Pa. |
| 113 | A | New York & Pennsylvania Mtr. Exp. | Reading, Pa. |
| 114 | B | N. J. Forwarding Company | Newark, N. J. |
| 115 | B | National Trucking Company | Kearny, N. J. |
| 116 | B | Oneida Motor Frt. Service | New York, N. Y. |
| 117 | A | Ovens Transfer | Scranton, Pa. |
| 118 | A | Perkiomen Transfer | Pennsburg, Pa. |
| 119 | A | Post, R. F. | Scranton, Pa. |
| 120 | B | Preston Trucking Company | Baltimore, Md. |
| 121 | A | Reilly's Auto Transfer | Phillipsburg, N. J. |
| 122 | A | Rhinevault Trucking Company | Endicott, N. Y. |
| 123 | A | Richards Motor Frt. Lines | Scranton, Pa. |
| 124 | A | Rodgers Motor Lines | Scranton, Pa. |
| 125 | A | Reading Transportation Company | Philadelphia, Pa. |
| 126 | B | Reisch Trucking Company | Palisades Park, N. J. |
| 127 | A | Reliable Transfer of York | York, Pa. |
| 128 | B | Roberts, Allen T. | Walnutport, Pa. |
| 129 | B | Shober, Henry B. | Easton, Pa. |
| 130 | A | Speedway Carriers | Pottsville, Pa. |
| 131 | B | Schreiber Trucking, Inc. | Pittsburgh, Pa. |
| 132 | B | Shipper's Forwarding Company | Akron, Ohio. |
| 1770 133 | A | Silver Lines | New York, N. Y. |
| 134 | B | Smith & Solomon | New Brunswick, N. J. |
| 135 | B | Standard Motor Freight, Inc. | Pittsburgh, Pa. |
| 136 | B | Shenandoah Motor Freight | Shenandoah, Pa. |
| 137 | A | Spina, Antonio | Reading, Pa. |
| 138 | B | Stefanie Transportation Company | New York, N. Y. |
| 139 | A | Valetta Motor Trucking Company | Endicott, N. Y. |
| 140 | B | Voynton Brothers | Wilkes-Barre, Pa. |
| 141 | B | West Motor Freight | Bovertown, Pa. |
| 142 | B | Williamsport Trucking Service | Williamsport, Pa. |
| 143 | B | Weinmar Storage Company | Elizabeth, N. J. |
| 144 | B | Whinney's Express | Philadelphia, Pa. |
| 145 | A | White Line Express | Scranton, Pa. |
| 146 | B | White's Express | Bloomfield, N. J. |
| 147 | A | York Motor Express Company | York, Pa. |
| 148 | A | Zeafloss Transfer Company | Hazleton, Pa. |

A—Known active competitors.

B—Competitors possessing operating rights but whose activities are irregular, or may not exercise them.

1771

Exhibit 20

Before the Interstate Commerce Commission

Re Application of Associated Transport, Inc. for Acquisition of Control of Certain Motor Carriers and for the Consolidation Thereof.

Witness COCHRAN.

LIST OF CLASS I COMMON CARRIERS OF GENERAL COMMODITIES MAINTAINING SERVICE BETWEEN REPRESENTATIVE POINTS AS INDICATED WITHIN THE SAME AREA AS SERVED BY CONSOLIDATED MOTOR LINES, INCORPORATED, AND MCCARTHY FREIGHT SYSTEMS, INCORPORATED

| Name of carriers | Total operating revenue for year 1940 (see footnote) | Between Boston and— | | | | | | | | | |
|------------------------------------|--|---------------------|--------------------|-------------------|-------------------|-----------------|------------------|---------------|---------------|-------------------|------------------|
| | | North Adams, Mass. | Springfield, Mass. | Providence, R. I. | New London, Conn. | Hartford, Conn. | New Haven, Conn. | New York City | Albany, N. Y. | Philadelphia, Pa. | Haverhill, Mass. |
| A. B. & C. Motor Trans. Co., Inc. | \$407,224 | x | x | x | x | x | x | x | | | x |
| Adley Express Co., Inc. | 1,750,033 | x | x | x | x | x | x | x | x | x | |
| Akers Motor Lines | 925,740 | x | x | x | x | x | x | x | x | x | x |
| B & E Transportation Co. | 201,381 | x | x | x | x | x | x | x | x | x | x |
| Bay State Motor Express Co. | 144,011 | | | | | | | | | | |
| Boston & Springfield Despatch | 134,515 | x | x | x | x | x | x | x | x | x | |
| C. Bowen, Inc. | 119,822 | x | x | x | x | x | x | x | x | | |
| Burgess Express Company | 381,472 | | | | | | | | | | |
| Capitol Motor Trans. Co., Inc. | 431,767 | | x | x | | | x | | | | |
| D & N Motor Transportation | 291,747 | | x | x | x | | x | | | | |
| Darcey Transportation Co. | 356,713 | x | x | x | x | | | | | | |
| Emmott Valley Transportation | 305,265 | | x | x | | x | x | | | | |
| Garford Trucking Company | 360,610 | | | | | | | | | | |
| Gay's Express, Inc. | 773,828 | x | | | | x | x | x | x | | |
| Hartford Despatch & Whse. Co. | 204,300 | | x | x | | | x | x | x | | |
| Hemingway Bros. Inter Trk. Co. | 581,968 | | x | x | x | x | x | | | | x |
| Highway Express Company | 231,645 | | x | x | x | x | x | | | | |
| Holmes Trans. Company | 345,321 | x | x | x | x | x | x | x | | x | |
| Huckins & Company | 137,178 | | | x | x | x | x | | | | |
| E. J. Kelley Company | 178,931 | x | x | x | x | x | x | x | | | |
| Laube Interstate Trucking Co. | 181,618 | | x | x | x | x | x | x | | | |
| Liberty Motor Freight Lines | 1,918,336 | x | x | x | x | x | x | x | x | x | |
| M & R Transportation Co. | 353,320 | | x | x | x | x | x | x | | x | |
| McCullough Trans. Co., Wm. | 769,456 | x | x | x | x | x | x | x | x | x | x |
| Malkin Motor Freight Co. | 123,558 | | x | x | x | x | x | x | x | | |
| New England Carrier Corp. | 321,655 | x | x | x | x | x | x | x | | | x |
| New England Transportation Co. | 1,575,419 | | x | x | x | x | x | | | | |
| New York & Worcester Despatch | 133,096 | | x | x | x | x | x | x | | | |
| Preston Trucking Company | 442,328 | | x | x | x | x | x | x | x | x | |
| Seaboard Freight Lines | 1,725,263 | | x | x | x | x | x | x | x | x | |
| H. T. Smith Express Company | 334,801 | | | | | | x | x | x | x | |
| Sommers Motor Lines | 217,731 | x | x | x | x | x | x | x | x | x | |
| Textile Motor Express, Inc. | 215,777 | | | x | x | x | x | x | | | |
| United Transportation Co. of R. I. | 123,468 | | | x | x | x | x | | | | |
| Watt Brothers | 239,852 | | x | x | x | | x | x | | | x |
| Wooster Express | 267,437 | | x | x | x | x | | | | | x |
| Boston & Taunton Trans. Co. | 182,136 | | | x | | | | | | | |
| H. B. Church Truck Service Co. | 275,211 | x | x | x | | | | | | | |

| Name of carriers | Total operating revenue for year 1940 (see footnote) | Between Boston and— | | | | | | | | |
|---|--|---------------------|--------------------|-------------------|-------------------|-----------------|------------------|----------------|---------------|-------------------|
| | | North Adams, Mass. | Springfield, Mass. | Providence, R. I. | New London, Conn. | Hartford, Conn. | New Haven, Conn. | New York City. | Albany, N. Y. | Philadelphia, Pa. |
| 1772 Joe. L. Coyle | \$362,840 | x | x | x | | | | x | x | x |
| Imperial Freight Lines | 149,854 | x | x | | | x | | x | x | x |
| Henry Jenkins Trans. Co., Inc. | 387,913 | x | x | x | x | | | x | x | x |
| Moulton & Holmes | 198,270 | x | x | x | | | | | | x |
| Modern Trans. | 277,411 | x | x | x | | | | | x | x |
| Frank J. Cole | 132,884 | x | x | | | | | | | |
| Jones Motor Company | 182,580 | | x | | x | | | | | |
| Keogh Storage Company | 183,631 | | x | x | x | x | | | | |
| Benjamin Motor Express, Inc. | 231,476 | | x | x | | | | x | | |
| City Truck Company, Inc. | 257,111 | | x | x | | | | | | |
| Onopdaga Freight Corp. | 438,301 | | x | | | | | x | x | |
| Andrews & Pierce, Inc. | 113,852 | | | x | | | | | | |
| Lowell Trucking Corp. | 202,340 | | | | | | | x | | |
| St. Johnsbury Trucking Co. | 606,760 | | | x | | | | | | |
| Old Colony Forwarding Corp. | 729,896 | | | | | | | x | | |
| Shawmut Transportation Co. | 392,296 | | | | | | | x | x | |
| Stones Express | 617,339 | | | | | | | x | x | |
| Wilson Freight Forwarding Co. | 559,156 | | | | | | | x | x | |
| M & M Transportation Co. | 1,461,310 | | x | x | x | x | x | x | x | x |
| H. P. Welch Company | 492,312 | | | x | | | | x | | x |
| Total 1940 operating revenues of carriers serving routes as indicated | \$25,641,425 | \$7,755,369 | 19,305,102 | 20,409,477 | 16,229,272 | 18,476,183 | 18,667,856 | 18,805,837 | 10,312,350 | 11,901,652 |
| Total number of carriers serving each route | | 18 | 42 | 45 | 30 | 37 | 37 | 36 | 18 | 16 |
| Consolidated Motor Lines, Inc. | \$4,535,111 | x | x | x | x | x | x | x | x | x |
| McCarthy Freight System, Inc. | 1,901,634 | x | x | x | x | x | x | x | x | x |
| Total 1940 operating revenue | 6,436,745 | | | | | | | | | |

FOOTNOTE.—(a) Annual operating revenues are set forth to furnish an index as to the size of such carriers, and thus to indicate the relative strength of the competition afforded by them. (b) Operating revenue data was obtained from Quarterly Reports of Revenues, Expenses, and Statistics as submitted to the Interstate Commerce Commission.

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Exhibit No. 22

Dockets MC-F-1612, 1613

Witness F. E. Perquist.

COMPILATION OF GROSS INTERCITY REVENUES OF CLASS I CARRIERS
INCLUDED IN APPLICANT'S EXHIBIT #2

| | |
|--|----------------|
| The Mason & Dixon Lines, Inc. | \$1,917,844.18 |
| Brooks Transportation Company | 1,347,225.45 |
| Great Southern Trucking Co. | 1,330,206.30 |
| Roadway Express, Inc. | 1,223,981.55 |
| Akers Motor Lines, Inc. | 911,749.16 |
| Atlantic States Motor Lines, Inc. | 726,851.48 |
| Horlacher Delivery Service, Inc. | 689,259.18 |
| Novick Transfer Co. | 683,425.84 |
| Rutherford Freight Lines Incorporated | 681,919.59 |
| New South Express Lines, Inc. | 639,914.43 |
| Baltimore Transfer Company of Baltimore City | 639,910.73 |
| E. T. & W. N. C. Motor Transportation Co. | 625,919.51 |
| Overnight Motor Transportation Co. | 588,830.05 |
| The Transport Corporation of Virginia | 558,461.39 |
| Harris Brothers Transfer Co. | 503,696.68 |
| Mundy Motor Lines | 486,892.00 |
| Super Service Motor Freight Company | 483,892.33 |
| Miller Motor Express Co. | 461,546.13 |
| Preston Trucking Co., Inc. | 442,208.76 |
| Central Motor Lines Inc. | 400,096.39 |
| Carolina Freight Carriers Corporation | 385,254.75 |
| A. A. A. Highway Express Inc. | 345,144.08 |
| Lewis & Holmes Motor Freight Corp. | 324,708.77 |
| Frederickson Motor Express Corp. | 314,638.16 |
| Smith's Transfer Corporation | 269,704.60 |
| Colonial Motor Freight Line | 258,981.56 |
| Atlantic Coast Freight Lines, Inc. | 254,352.18 |
| East Coast Freight Lines, Inc. | 250,144.92 |
| Tidewater Express Lines, Inc. | 249,506.92 |
| Jack Cole Company, Inc. | 239,838.49 |
| Motor Transit Co. | 237,967.41 |
| Howard Hall Co., Inc. | 222,012.97 |
| B. C. Motor Lines Inc. | 228,803.30 |
| Cockrane Transportation Company | 163,303.80 |
| Thurston Motor Lines | 150,115.00 |
| Red Line, Inc. | 150,682.01 |
| The Vance Trucking Co., Inc. | 116,192.33 |

¹ Also \$101,685 on contract.

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MCLEAN TRUCKING CO., INC., ET AL.

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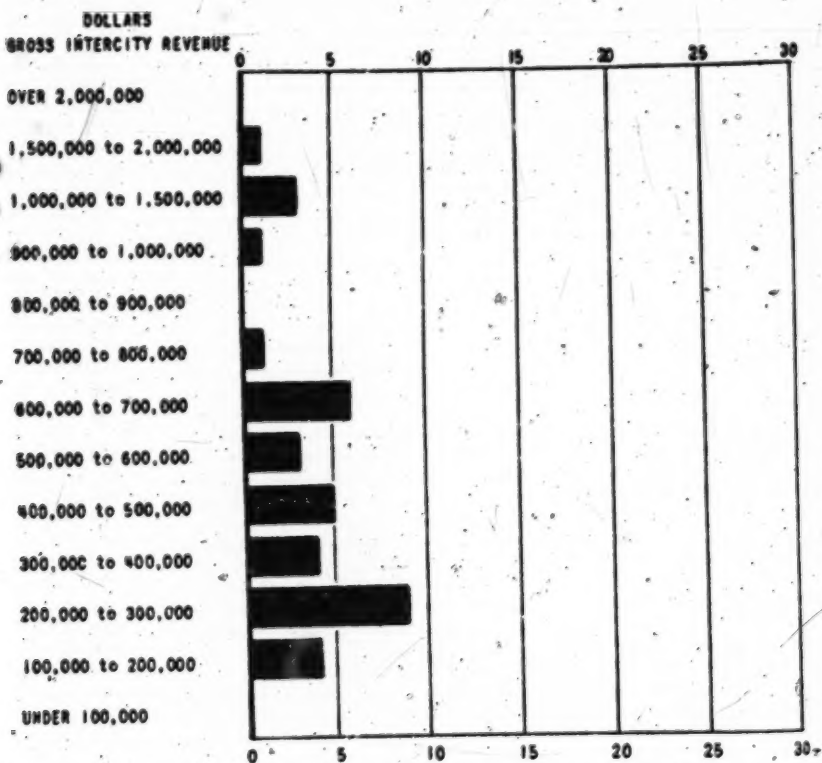
DOCKETS MC F 1612, 1613

EXHIBIT NO.

WITNESS: F. E. BERQUIST

GROUPING OF CLASS I CARRIERS BY SIZE OF GROSS REVENUE
1940

(APPLICANTS EXHIBIT NO. 2)



Source: Annual Reports to Interstate Commerce Commission by carriers.

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Exhibit No. 23

Dockets MC-F-1612, 1613

Witness F. E. Berquist.

COMPILATION OF GROSS INTERCITY REVENUES OF CLASS I CARRIERS
INCLUDED IN APPLICANT'S EXHIBIT NO. 3

| | |
|--|----------------|
| Liberty Motor Freight Lines, Inc. | \$1,918,336.88 |
| Adley Express Co. | 1,748,640.96 |
| Seaboard Freight Lines, Inc. | 1,724,851.22 |
| New England Transportation Company | 1,464,586.00 |
| M & M Transportation Co. | 1,460,871.27 |
| A. Towle Company | 824,011.51 |
| Gay's Express, Inc. | 773,789.63 |
| Old Colony Forwarding Corp. | 729,896.19 |
| Stones Express, Inc. | 604,584.29 |
| Hemingway Brothers Interstate Trucking Co. | 581,991.39 |
| St. Johnsbury Trucking Co. | 572,621.48 |
| Capitol Motor Transportation Co., Inc. | 431,767.24 |
| A. B. & C. Motor Transportation Co., Inc. | 407,224.24 |
| H. P. Welch Co. | 393,850.31 |
| Shawmut Transportation Co., Inc. | 391,296.14 |
| Burgess Express Co., Inc. | 380,707.37 |
| McFarland & Stampel Trucking Company | 371,533.49 |
| Wm. McCrillough Transportation Co., Inc. | 364,732.68 |
| National Transportation Co., Inc. | 363,199.80 |
| M. & R. Transportation Co., Inc. | 353,320.18 |
| Henry Jenkins Transportation Co., Inc. | 351,471.76 |
| Holmes Transportation Service | 345,321.13 |
| The H. T. Smith Express Co. | 334,891.83 |
| Darcey Transportation Co., Inc. | 328,052.83 |
| Lombard Bros., Incorporated | 320,425.69 |
| J. Coyle | 315,097.25 |
| Emmott Valley Transportation Co. | 305,285.89 |
| D. & N. Motor Transportation Co. | 291,747.00 |
| Harison Motor Freight | 291,500.13 |
| New England Carrier Corp. | 286,655.07 |
| H. B. Church Truck Service Co. | 274,910.13 |
| P. B. Nutrie Motor Transportation, Inc. | 270,588.32 |
| Worcester Express, Inc. | 267,432.47 |
| Beacon Fast Freight Co., Inc. | 252,124.36 |
| H. C. Roulston, Inc. | 250,904.86 |
| Highway Express Co. | 231,645.61 |
| Benjamin Motor Express, Inc. | 231,476.48 |
| Watt Brothers | 229,837.60 |
| Connecticut Motor Lines, Inc. | 218,062.25 |
| Sommers Motor Lines, Inc. | 217,713.31 |
| Textile Motor Express, Inc. | 212,432.47 |
| Newburgh Transfer, Inc. | 203,633.48 |
| Laskas Motor Lines, Inc. | 203,316.17 |
| Lowell Trucking Corp. | 202,340.21 |
| B. & E. Transportation Co., Inc. | 201,381.48 |
| 1777 C. Rickard & Sons, Inc. | 198,287.07 |
| Moulton & Holmes | 198,270.26 |
| Hartford Despatch & Warehouse Co., Inc. | 193,738.00 |
| White Line Motor Express | 192,167.85 |

| | |
|--|--------------|
| Laramie's Transit, Inc. | \$191,383.28 |
| Interstate Magazine Hauling Corp. | 185,883.11 |
| Keogh Storage Company | 183,680.40 |
| Crowe & Co., Inc. | 183,500.75 |
| Boston & Taunton Transportation Co. | 182,135.54 |
| Laube Interstate Corp. | 181,618.69 |
| Perrett & Glenney, Inc. | 178,627.98 |
| City Truck Co., Inc. | 174,741.87 |
| The E. J. Kelly Co. | 167,708.66 |
| Goodman's New York and Connecticut Express | 167,193.20 |
| Oates Bros., Inc. | 165,503.91 |
| Nemasket Transportation Co., Inc. | 157,813.33 |
| Imperial Freight Lines | 149,722.90 |
| Kimballs Motor Dispatch, Inc. | 148,647.71 |
| Bay State Motor Express Co. | 144,011.21 |
| Brown & Pollock Motor Lines | 139,435.36 |
| Huckins & Co., Inc. | 137,178.74 |
| N. Y. & Worcester Dispatch Co., Inc. | 133,741.48 |
| Frank J. Cole, Inc. | 132,884.54 |
| Molkin Motor Freight Co. | 123,558.05 |
| United Transportation Co. of Rhode Island | 123,468.20 |
| O. Brown, Inc. | 119,822.01 |
| Andrews & Pierce, Inc. | 95,510.53 |
| Puritan Freight Lines, Inc. | 72,406.96 |

Source: Annual Reports by Carriers to the Interstate Commerce Commission 1946.

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DOCKETS NO. F 1612, 1613

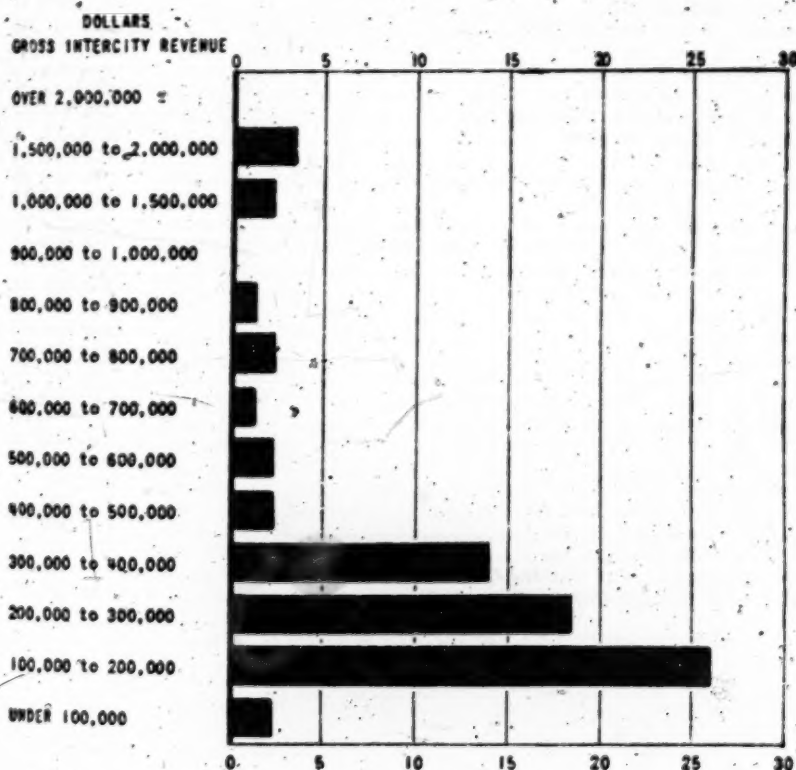
EXHIBIT NO.

WITNESS: F. E. BERGLIST

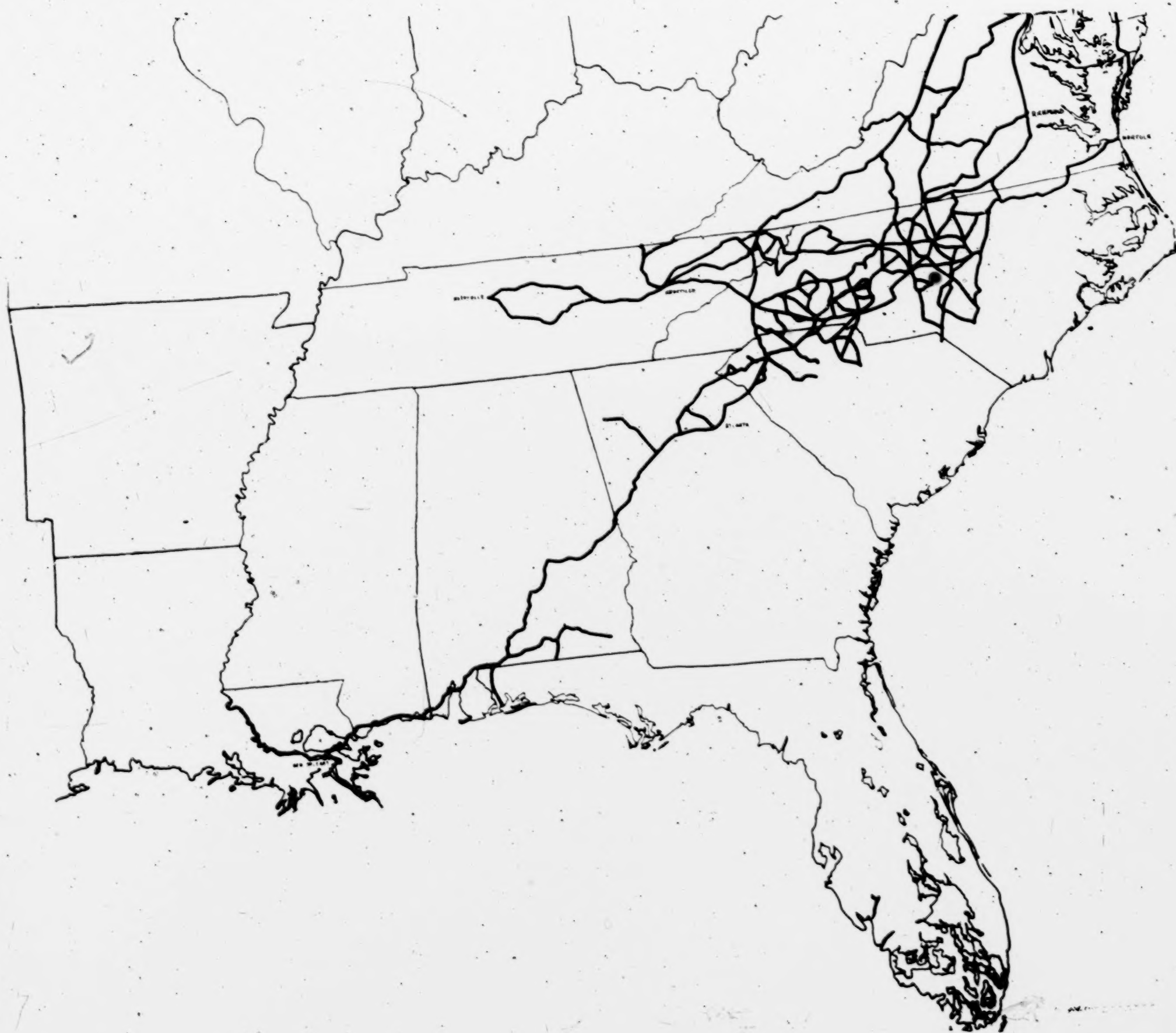
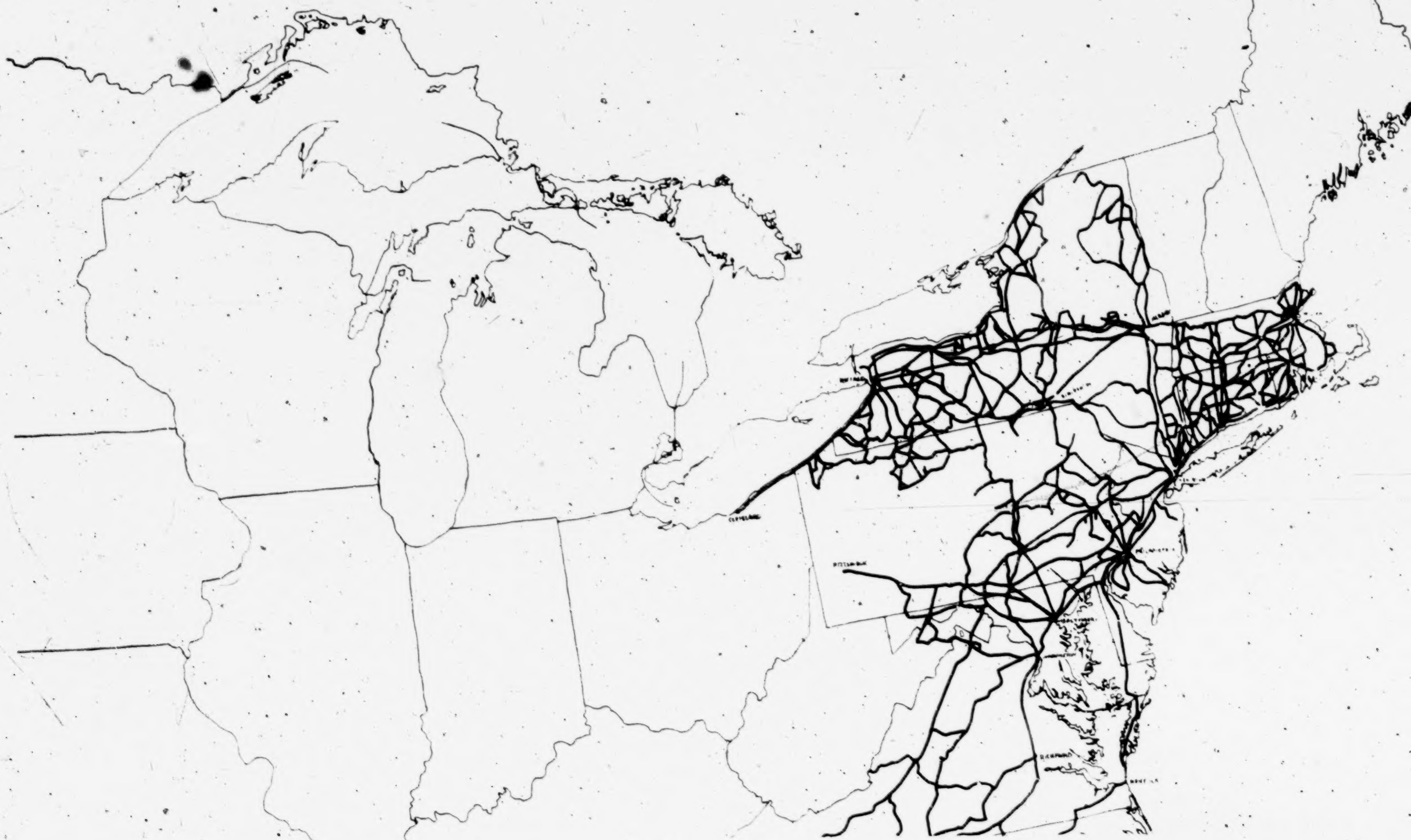
GROUPING OF CLASS I CARRIERS BY SIZE OF GROSS REVENUE

1940

(APPLICANTS EXHIBIT NO. 3)



Source: Annual Reports to Interstate Commerce Commission by carriers.



Witness F. E. Berquist.

Dockets MC-F-1612, 1613

COMPILATION OF GROSS INTERCITY REVENUES OF CLASS I CARRIERS
INCLUDED IN APPLICANTS EXHIBIT NO. 4

| | |
|--|----------------|
| Interstate Motor Freight System | \$9,987,138.25 |
| Keeshin Motor Express Co., Inc. | 5,873,320.07 |
| Midwest Haulers, Inc. | 3,850,318.02 |
| Transamerican Freight Lines, Inc. | 3,496,293.35 |
| Motor Express, Inc. | 2,254,482.11 |
| Spector Motor Service, Inc. | 1,723,516.65 |
| W. T. Cowan, Inc. | 1,319,123.80 |
| The Western Express Co. | 708,462.83 |
| Lyons Transportation Co. | 679,443.21 |
| York-Buffalo Motor Express, Inc. | 673,844.37 |
| Niagara Motor Express, Inc. | 600,673.11 |
| A. & B. Fast-Freight, Inc. | 512,513.14 |
| Mushroom Transportation Company, Inc. | 496,599.45 |
| Onandaga Freight Corp. | 425,114.10 |
| Red Star Express Lines of Auburn, Inc. | 360,927.61 |
| Highway Freight, Maplewood, New Jersey | 332,950.47 |
| Shirks Motor Express Corporation | 326,984.71 |
| C. A. B. Y. Transportation Co. | 286,621.61 |
| John Vogel | 270,000.00 |
| Boss Lines, Inc. | 260,320.73 |
| Whinney Express | 252,835.15 |
| Stibbs Transportation Lines, Inc. | 234,463.45 |
| Hudson Motor Freight Service, Inc. | 227,363.62 |
| Smith & Howell Film Service, Inc. | 217,999.45 |
| Rhinevault Trucking Co., Inc. | 214,160.11 |
| Boyce Motor Lines, Inc. | 207,514.29 |
| Valetta Motor Trucking Co. | 202,889.71 |
| Dorn's Transportation, Inc. | 182,463.02 |
| Canny Trucking Co., Inc. | 165,000.00 |
| N. C. Purdie Corporation | 154,852.61 |
| Lincoln Storage and Carting Co. | 140,830.79 |
| Riverside Service Corporation | 130,834.67 |

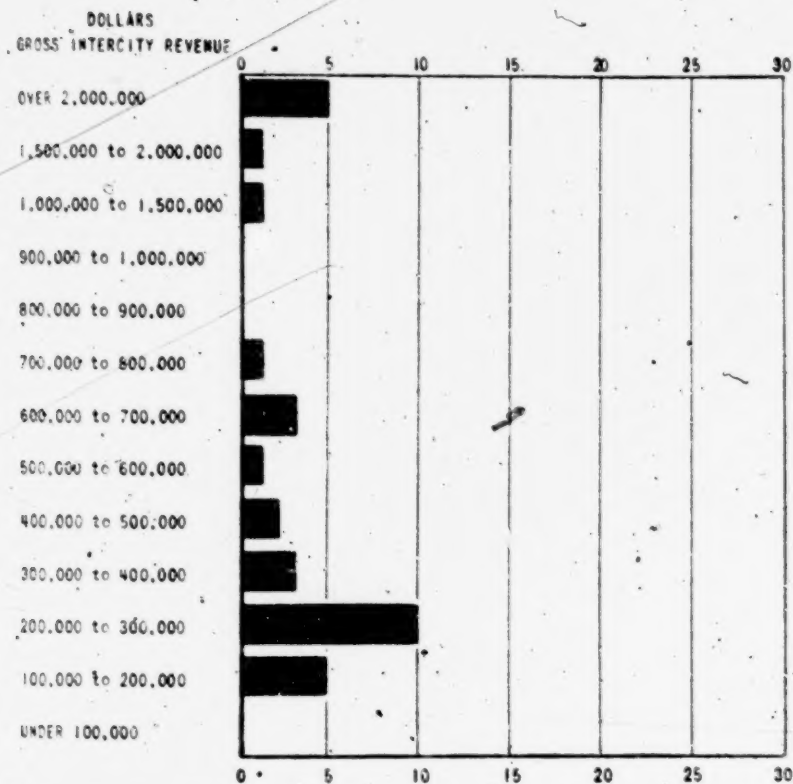
DOCKETS NO. F 1612, 1613

EXHIBIT NO.

WITNESS: F. E. BERQUIST

GROUPING OF CLASS I CARRIERS BY SIZE OF GROSS REVENUE
1940

(APPLICANTS EXHIBIT NO. 4)



Source: Annual Reports by Carriers to the Interstate Commerce Commission 1940.

STATE LAW RESTRICTIONS

PALLATING TO LENGTHS AND WEIGHTS OF MOTOR VEHICLES OPERATED BY INTERSTATE COMMON CARRIERS OF PROPERTY

Weights

Exhibit No. 25

| State | Over-all length in feet | | Maximum axle load | | 4-wheel single unit | | 6-wheel single unit | | Maximum gross weight | | Formula | |
|----------------------|-------------------------|-------------------|--------------------|-------------------|---------------------|---------------------|---------------------|-------------------|----------------------|---------|---------|--|
| | Single unit | Tractor-intrailer | Other combinations | Tractor-intrailer | Other combinations | 4-wheel single unit | 6-wheel single unit | Tractor-intrailer | Other combinations | Formula | Formula | |
| Alabama | 33' | 40' | N, P | 40' | N, P | 30,000 | 40,000 | 40,000 | N, P | | | |
| Alaska | 35' | 45' | 45' | 45' | 45' | 32,000 | 40,000 | 40,000 | (D) N, P | | | |
| Arizona | 35' | 40' | (D) N, P | 40' | (D) N, P | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Arkansas | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| California | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Colorado | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Connecticut | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Delaware | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| District of Columbia | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Florida | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Georgia | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Hawaii | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Idaho | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Illinois | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Indiana | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Iowa | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Kansas | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Kentucky | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Louisiana | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Maine | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Maryland | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Massachusetts | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Michigan | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Minnesota | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Mississippi | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Missouri | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Montana | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Nebraska | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Nevada | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| New Hampshire | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| New Jersey | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| New Mexico | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| New York | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| North Carolina | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| North Dakota | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Ohio | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Oklahoma | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Oregon | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Pennsylvania | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Rhode Island | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| South Carolina | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| South Dakota | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Tennessee | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Texas | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Vermont | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Virginia | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Washington | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| West Virginia | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Wisconsin | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |
| Wyoming | 35' | 45' | 45' | 45' | 45' | 36,000 | 44,000 | 44,000 | (D) N, P | | | |

Footnotes: N, S. Not specified; N, P. Not permitted; N, R. No restriction.

(A) 35 ft. for three-axle trucks.

(B) Applies to vehicle exclusive of load.

(C) Applies to vehicle exclusive of load. Load may extend 8 ft. beyond.

(D) Except for seven specialized combinations.

(E) Wheel loads restricted in accordance with a table based on size and kind of tire.

(F) Same lbs. on front axle and 16,000 lbs. on rear axles of vehicles with six or more wheels.

(G) 15,000 lbs. for full trailer combinations.

(H) Higher values permitted in certain areas.

(I) 16,000 lbs. for high-pressure tires.

(J) Restrictions below this limit based on weight of chassis.

(K) Government trucks.

(L) Government trucks.

(M) Government trucks.

(N) Government trucks.

(O) Government trucks.

(P) Government trucks.

(Q) Government trucks.

(R) Government trucks.

(N) New laws based on formula become effective on new vehicles after January 1, 1942.

(O) 3,200 lbs. permissible on two-axle vehicle with six wheels.

(P) 20,000 lbs. on county roads.

(Q) 10% higher load permitted on six 16-inch low pressure tires.

(R) 12,000 lbs. net load limit.

(S) 26,000 lbs. without power brakes on both rear axles.

(T) 30,000 lbs. without power brakes on both rear axles.

(U) 30,000 lbs. permitted if vehicle has 8 or more wheels.

(V) If both vehicles are equipped with power brake.

(W) Truck and trailer limited to 12,000 lbs. per load each.

(X) This value for Class B-10 bridges.

(Y) Higher values permitted for Class B-10 and B-20 bridges.

(Z) Higher values permitted for Class B-10 and B-20 bridges.

(AA) Higher values permitted for Class B-10 and B-20 bridges.

(AB) Higher values permitted for Class B-10 and B-20 bridges.

(AC) Higher values permitted for Class B-10 and B-20 bridges.

(AD) Higher values permitted for Class B-10 and B-20 bridges.

(AE) Higher values permitted for Class B-10 and B-20 bridges.

(AF) Higher values permitted for Class B-10 and B-20 bridges.

(AG) Higher values permitted for Class B-10 and B-20 bridges.

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Exhibit No. 26

Before the Interstate Commerce Commission

I. C. C. Docket MC-F-1612

MC-F-1613

APPLICATIONS OF ASSOCIATED TRANSPORT, INC.

Statement of miles of regular routes operated by individual carriers; aggregate number of miles of regular routes over which applicant would operate, and number of miles of duplicated regular routes

I. Number of miles of regular routes operated by individual carriers—highway distances:

| | <i>Miles</i> |
|---|--------------|
| Arrow Carrier Corporation..... | 1,420 |
| Barnwell Brothers, Inc..... | 5,734 |
| Consolidated Motor Lines, Inc..... | 8,229 |
| Horton Motor Lines, Incorporated..... | 3,854 |
| McCarthy Freight System, Inc..... | 4,074 |
| M. Moran Transportation Lines, Inc..... | 7,493 |
| Southeastern Motor Lines, Inc..... | 2,714 |
| Transportation, Inc..... | 3,396 |
| Total..... | 37,884 |

II. Aggregate number of miles of regular routes over which applicant would operate, if and when application were approved and operating rights unified—highway distance: 24,338 miles.

III. Number of miles of duplicate regular routes which would be eliminated, if and when application were approved and operating rights unified—highway distance: 13,546 miles.

VERIFICATION

STATE OF NEW YORK.

County of New York, ss:

B. M. Seymour, being duly sworn, deposes and says that the foregoing data are true and correct to the best of his knowledge and belief.

B. M. SEYMOUR.

Subscribed in my presence, and sworn to before me, by the affiant above named, this 18th day of September 1941.

JOSEPH C. CATANZARO,

Notary Public.

Before the Interstate Commerce Commission

Docket Nos. MC-F-1612, MC-F-1613.

APPLICATION OF ASSOCIATED TRANSPORT, INC.

Amount of interline freight interchanged at New York City during the calendar year 1940 by the individual carrier companies.

| Carriers | 1 Carriers in proposed unification | 2 Carriers not in proposed unification | 3 Totals, columns 1 and 2 |
|-------------------------------------|---|---|------------------------------------|
| Arrow Carrier Corp. | \$32,365.38 | \$4,830.37 | \$37,195.75 |
| Barnwell Brothers, Inc. | 172,349.73 | 65,877.64 | 238,227.37 |
| Consolidated Motor Lines, Inc. | 69,673.95 | 301,740.39 | 371,414.34 |
| Horton Motor Lines, Inc. | 129,980.09 | 152,691.18 | 273,671.27 |
| McCarthy Freight System, Inc. | | | |
| Mc Moran Transportation Lines, Inc. | | | |
| Southeastern Motor Lines, Inc. | 7,667.64 | 60,005.35 | 76,672.99 |
| Transportation, Inc. | | | |
| Totals | 403,036.79 | 504,144.93 | 997,181.72 |

VERIFICATION

STATE OF NEW YORK,

County of New York, ss:

B. D. Ryan, being duly sworn, deposes and says that the foregoing data are true and correct to the best of her knowledge and belief.

B. D. RYAN.

Subscribed in my presence, and sworn to before me, by the affiant above named, this 18th day of September 1941.

JOSEPH C. CATANZARO,

Notary Public.

1785

Exhibit No. 28

I. C. C. Docket MC-F-1612
MC-F-1613

APPLICATION OF ASSOCIATED TRANSPORT, INC.

1. Total freight handled by The Mason and Dixon Lines,
Incorporated, for first seven months 1941:

| | Pounds |
|----------------|--------------|
| January | 21, 507, 727 |
| February | 20, 509, 765 |
| March | 22, 842, 307 |
| April | 22, 938, 407 |
| May | 25, 466, 296 |
| June | 25, 876, 137 |
| July | 27, 403, 907 |

Total 166, 544, 516

2. Total interchange of The Mason and Dixon Lines at New
York, N. Y., with carriers not involved in Associated Trans-
port Application for 7 month period ending July 31, 1941:

| | |
|--------------------------------------|--------------|
| Received from connecting lines | 4, 841, 181 |
| Delivered to connecting lines | 14, 858, 812 |

3. Total interchange of The Mason and Dixon Lines at Atlanta,
Ga., with carriers not involved in Associated Transport
Application for 7 month period ending July 31, 1941:

| | |
|--------------------------------------|-------------|
| Received from connecting lines | 6, 207, 836 |
| Delivered to connecting lines | 9, 808, 131 |

VERIFICATION

STATE OF TENNESSEE,

County of Sullivan, ss:

E. E. Rosborough, being duly sworn, deposes and says that the foregoing data are true and correct to the best of his knowledge and belief.

E. E. ROSBOROUGH.

E. E. Rosborough.

Subscribed in my presence and sworn to before me, by the affi-
ant above named, this 9th day of October, 1941.

E. W. KING,

Notary Public.

My commission expires July 29, 1942.

Before the Interstate Commerce Commission

Docket Nos. MC F-1612, MC F-1613

APPLICATION OF ASSOCIATED TRANSPORT, INC.

Amount of interline freight interchanged at New York-City during the calendar year 1940 by the individual carrier companies. These figures represent the sums accruing to the respective carriers from the freight interchanged

MCLEAN TRUCKING CO., INC., ET AL.

| Carriers | Carriers in Proposed Unification | | | Carriers Not in Proposed Unification | | | Total Received From | Total Delivered To | Total Interchange |
|-----------------------------------|----------------------------------|--------------|-------------|--------------------------------------|--------------|------------|---------------------|--------------------|-------------------|
| | Received From | Delivered To | Total | Received From | Delivered To | Total | | | |
| Arrow Carrier Corporation | \$14,084.67 | \$18,280.71 | \$32,365.38 | \$2,501.61 | \$2,328.76 | \$4,830.37 | \$16,586.28 | \$20,609.47 | \$37,195.75 |
| Barnwell Brothers, Inc. | 54,453.37 | 172,349.73 | 226,803.10 | 27,608.61 | 38,269.03 | 65,877.64 | 112,119.84 | 126,107.30 | 238,227.37 |
| Cornwall Motor Lines, Inc. | 27,254.04 | 42,419.91 | 69,673.95 | 130,165.00 | 171,555.39 | 301,740.39 | 157,419.04 | 213,945.30 | 371,414.34 |
| Hood Motor Lines, Inc. | 70,253.14 | 50,726.95 | 120,980.09 | 86,301.05 | 66,300.13 | 152,601.18 | 156,554.19 | 117,117.08 | 273,671.27 |
| McCully Freight System, Inc. | | | | | | | | | |
| McLean Transportation Lines, Inc. | 4,258.38 | 3,469.26 | 7,727.64 | 9,016.11 | 59,989.24 | 69,005.35 | 13,274.49 | 63,308.50 | 76,572.99 |
| Southeastern Motor Lines, Inc. | | | | | | | | | |
| Transportation, Inc. | | | | | | | | | |
| Totals | 200,301.60 | 292,735.19 | 493,036.79 | 255,632.38 | 338,492.55 | 594,144.93 | 455,853.98 | 541,227.74 | 997,181.72 |

The separation of Barnwell Brothers, Inc., interchange between Received From and Delivered To is Barnwell Brothers' estimate. Barnwell Brothers state that this information could not be obtained except by inspection and separation of several hundred thousand bills of lading, taking a number of men from 30 to 60 days. The estimate is based on their best judgment in the absence of any dependable information.

VERIFICATION

STATE OF NEW YORK,
County of New York, ss.

B. D. Ryan, being duly sworn, deposes and says that the foregoing data are true and correct to the best of her knowledge and belief.

Subscribed in my presence, and sworn to before me, by the affiant above named, this 18th day of September 1941.

B. D. RYAN.

JOSEPH C. CATANZARO, Notary Public.

1787 Copies to:

David Grant MacDonald, Esquire, 16 Parkside Road,
Silver Spring, Md.

Smith R. Brittingham, Jr., Esquire, 3311 Dept. of Justice Building,
Washington, D. C.

James D. Mann, Esquire, 450 Munsey Building, Washington,
D. C.

Thomas P. O'Brien, Esquire, 815 15th Street NW., Washington,
D. C.

W. G. Burnette, Esquire, 209 Lynch Building, Lynchburg, Va.

John M. Miller, Esquire, First National Bank Bldg., Kingsport,
Tenn.

Fred A. Tobin, Esquire, 815 15th Street NW., Washington,
D. C.

J. B. Dempsey, Esquire, First National Bank Bldg., Kings-
port, Tenn.

L. F. Orr, Arcade Building, St. Louis, Mo.

W. S. Campfield, Secy., Virginia State Horticultural Society.

Carroll R. Miller, Secy., West Virginia Horticultural Society.

L. E. Newcomer, Mgr., Lehigh Mountain Fruit Growers, Inc.
Appalachian Apple Service, Inc., Carroll R. Miller, Secy.

Arne C. Wifrud, Esquire, 3311 Dept. of Justice Building, Wash-
ington, D. C.

Joseph W. Connolly, Esquire, 1 Franklin Street, Alexandria, Va.

E. F. Lacey, Esquire, 450 Munsey Building, Washington, D. C.

Floyd F. Shields, Esquire, 221 West Roosevelt Road, Chicago,
Ill.

Charles J. Fagg, Esquire, 24 Branford Place, Newark, New
Jersey.

Warren Woods, Esquire, 735 Transportation Bldg., Washing-
ton, D. C.

James A. Glenn, Esquire, 815 15th Street NW., Washington,
D. C.

Frank J. Coleman, Esquire, 3311 Department of Justice Bldg.,
Washington, D. C.

William H. Ott, Jr., 500 Teshtigo Court, Chicago, Ill.

1506

MCLEAN TRUCKING CO., INC., ET AL.

1788

Exhibit 30

HARRY J. REICHER & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Empire State Building, New York

Lackawanna 4-9470.

NOVEMBER 26, 1941.

Mr. J. ED. DAVEY,

Chief, Finance Division, Bureau of Motor Carriers,
Interstate Commerce Commission, Washington, D. C.

DEAR SIR: In response to the request in your telegram dated November 24, 1941, we submit herewith a schedule showing the fixed charges of the companies included in the application of Associated Transport, Inc., for the year ended April 30, 1941.

| | Interest on— | | | Total |
|--------------------------------------|-------------------------|-----------------------|-------------------------|-------------|
| | Mortgages and equipment | Unsecured obligations | Life-insurance premiums | |
| Horton Motor Lines, Inc. | | \$1,867.95 | \$14,249.00 | \$16,116.95 |
| Barnwell Brothers, Inc. | \$7,488.26 | 4,376.57 | | 11,864.83 |
| Southeastern Motor Lines, Inc. | 317.15 | 479.02 | 213.75 | 1,009.92 |
| Transportation, Inc. | 4,918.49 | 5,041.93 | | 9,960.42 |
| McCarthy Freight System, Inc. | 9,100.93 | 1,023.00 | 1,396.60 | 11,520.53 |
| Consolidated Motor Lines, Inc. | 11,491.92 | 1,010.44 | 1,447.00 | 13,949.36 |
| M. Moran Transportation Lines, Inc. | | 606.83 | 1,559.75 | 2,166.58 |
| Arrow Carrier Corp. | 3,210.56 | | | 3,210.56 |
| Southern New England Terminals, Inc. | 3,277.32 | | | 3,277.32 |
| Brown Equipment & Mfg. Co., Inc. | | 860.42 | | 860.42 |
| Conger Realty Company | 7,835.81 | | | 7,835.81 |
| Barnwell Warehouse & Brokerage Co. | 716.44 | | | 716.44 |
| Totals | 48,356.88 | 15,266.16 | 18,866.10 | 82,489.14 |

The life insurance premiums indicated above will be eliminated should this merger be approved, as the agreements contain an option through which the insured officers may purchase these policies from the respective companies. Your kind attention is also directed to the fact that these life insurance premiums have been charged to surplus in the preparation of our April 30, 1941, statements.

1789 Rentals under leases, etc., cover terminals and are not of the type which would be classified as a fixed charge; consequently, this item is not included in the above.

Very truly yours,

HARRY J. REICHER,
Certified Public Accountant.

HJR:G.

1791

Plaintiff's Exhibit 4

ORDER

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 24th day of September A. D. 1942

No. MC-F-1613

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES

Upon consideration of the petition of Associated Transport, Inc., filed herein September 5, 1942, submitting for approval, pursuant to condition attached to order entered herein March 16, 1942 (38 M. C. C. 137), certain subscription agreements proposed to be accepted by it for the sale of 9,000 shares of its preferred capital stock, issuance of which was conditionally authorized by said order, and good cause appearing therefor:

It is ordered: That said petition be, and it is hereby, granted, and that said subscription agreements be, and they are hereby, approved.

By the Commission.

[SEAL]

W. P. BARTEL, *Secretary*.

1792

Before the Interstate Commerce Commission

ASSOCIATED TRANSPORT, INC.—ISSUANCE OF SECURITIES

Submission of Stock Subscriptions Proposed To Be Accepted by Associated Transport, Inc., for the Sale of Preferred Stock in Accordance With the Commission's Order in Case MC-F-1613.

Petition

Filed Sept. 5, '42

Associated Transport, Inc., a Delaware corporation subject to the provisions of the Transportation Act of 1940, presents for consideration of the Interstate Commerce Commission:

I. That by order dated March 16th, 1942, the Interstate Commerce Commission in Case MC-1613—Issuance of Securities—authorized and permitted the issuance and sale by Associated Transport, Inc., of up to 15,000 shares of such company's preferred six percent capital stock.

II. That negotiations had with various financial institutions has developed that in the light of uncertainties created by rubber

shortages, gasoline shortages, and pending litigation, coupled with the distressed state of the securities market, a public distribution of preferred stock may not be had without granting upwards of ten percent discount to underwriters in addition to making available common stock to be sold in conjunction with the preferred.

III. That accordingly Associated Transport, Inc., has explored methods of interim financing pending improvement in the aforesaid unpropitious circumstances.

IV. That it is the opinion of the directors of Associated Transport, Inc., that for reasons aforesaid complete interim financing by direct loaning of necessary funds from banking institutions would be unsound, unpracticable, and even dangerous since it would involve fixed repayment dates and other onerous provisions.

1793 V. That a limited market is available for the sale of the preferred stock at a par direct to Truck Manufacturers and Tire Manufacturers, etc., with whom the constituent companies of Associated Transport, Inc., have done business in the past and with whom agreeable and beneficial relations have long been established.

VI. That in the premises of Board of Directors of Associated Transport, Inc., authorized its proper officers to negotiate with the aforesaid suppliers for the sale of preferred stock, subject to conditions as follows:

(a) That such sale receive any required approval of the Interstate Commerce Commission.

(b) That any stock so sold be subject to repurchase, at the option of Associated Transport, Inc., at any time during the five years following such sale for the repurchase price of \$102 per share.

(c) That if practicable such stock should be sold to more than one company in each class of supplier (i. e. Truck Manufacturer, etc.).

(d) That sales to members of a class must be in approximately equal amounts.

VII. That acting on and pursuant to such authority, the officers of Associated Transport, Inc., have succeeded in effectuating sales, subject to such conditions, to the companies and in the amounts evidenced by the photostatic copy of subscriptions attached hereto and marked "Exhibit A." That such subscriptions total \$900,000 and are divided \$150,000 to each of four Truck Manufacturers and two Tire Manufacturers.

VIII. The Commission is reminded that one of the constituent companies of Associated Transport, Inc., namely the Brown Manufacturing Co., is in the business of manufacturing tractors and

trailers of a type suitable at least to the requirements of a 1794 part of Associated's operations and that additional sources of supply of highway equipment and tires are not included in the list of companies proposing to acquire Associated preferred stock. It has been deemed expedient that adequate yardsticks respecting prices of supplies be provided both within and without the group proposing to purchase securities.

IX. That it is anticipated that the impossibility of acquiring any substantial quantity of new equipment and an expected lag between depreciation rates and increased cost of maintaining old equipment will result in such an improvement in the cash position of Associated Transport's constituent companies as to render unnecessary the immediate full exercise of the aforementioned conferred authority to issue 15,000 shares of preferred stock for working capital.

Wherefore Associated Transport, Inc., prays that, if required, it may have the early approval of your Honorable Body to this transaction in accordance with and subject to all the terms and conditions of your aforesaid order of March 16th, 1942, and orders supplemental thereto.

Respectfully submitted:

ASSOCIATED TRANSPORT, INC.,
1715 Broadway, New York City.

By (s) B. M. SEYMOUR,
B. M. Seymour, Its President.

STATE OF NEW YORK,

County of New York, City of New York, ss:

B. M. Seymour, being duly sworn, deposes and says that he is the President of Associated Transport, Inc., and that he has read the foregoing and that the matters therein contained are true.

Deponent further says that he has affixed his signature with 1795 the knowledge of and pursuant to the authority duly conferred upon him by the directors of Associated Transport, Inc.

(s) B. M. SEYMOUR.

Subscribed and sworn to before me this 4th day of September 1942.

[SEAL]

(s) PETER W. SPIESS,
Notary Public, New York County.

Peter W. Spiess, Notary Public, Bronx Co. Clk's No. 199, Reg. No. 13544. N. Y. Co. Clk's No. 132, Reg. No. 4597. Commission expires March 30th, 1944.

1796 Exhibit A follows:

1797

SUBSCRIPTION AGREEMENT

The undersigned hereby subscribes for 1,500 shares of the Preferred Capital Stock of Associated Transport, Inc., a Delaware corporation, with its principal place of business at 1775 Broadway, New York, New York; and agrees to pay therefor, on delivery of said shares, the sum of \$150,000.00, or \$100.00 per share.

It is understood, agreed and made a part of this purchase contract, that Associated Transport, Inc., shall have the right and option to repurchase said shares of stock, or any part thereof, at any time within a period of five years from this date at and for the price of \$102.00 per share; and nothing to the contrary appearing in said certificates or the Charter of the Corporation shall abrogate this understanding. The subscribers hereto agree that the substance of this provision shall be written or stamped upon each of the certificates representing said shares, or any reissue thereof.

It is further understood and agreed that said 1,500 shares of the Preferred Capital Stock of Associated Transport, Inc., shall when paid for as hereinabove agreed be fully paid and non-assessable, and that all issue and transfer taxes in respect thereof shall have been paid without liability of the undersigned therefor.

This 2nd day of July 1942.

THE AUTOCAR COMPANY,

By (s) R. P. PAGE, JR.,

President.

1798

THE GENERAL TIRE & RUBBER COMPANY

AKRON, OHIO

JULY 2, 1942.

Office of the President.

Mr. B. M. SEYMOUR,

Associated Transport Incorporated,

1775 Broadway, New York City.

DEAR MR. SEYMOUR: We wish to confirm our telephone conversation to the effect that we are committed to purchase fifteen hundred shares of the preferred stock of your company with the further stipulation that you have the option of redeeming it at \$102.00.

It is necessary for me to do this by letter because your form is in Akron.

Yours very truly

THE GENERAL TIRE & RUBBER CO.,

(s) W. O'NEIL, *President.*

WON:bgs.

1799

THE WHITE MOTOR COMPANY

Manufacturers of America's Most Modern Trucks and Busses

CLEVELAND, OHIO

JUNE 30, 1942.

Robert C. Lee, Treasurer.

ASSOCIATED TRANSPORT, INC.

1775 Broadway, New York, N. Y.

Attention: Mr. B. M. Seymour, President.

GENTLEMEN: We wish to confirm the agreement made with your Mr. Seymour by our Vice President, Mr. J. N. Bauman, that we would purchase a certain number of shares of your 6% Preferred Stock.

The White Motor Company hereby subscribes for 1500 shares of the 6% Preferred Capital Stock of Associated Transport, Inc., a Delaware corporation with its principal place of business at 1775 Broadway, New York, N. Y. and agrees to pay therefor upon delivery of said shares the sum of \$150,000 or \$100 per share. This Subscription Agreement shall terminate if such shares of stock are not delivered to us prior to October 1, 1942.

It is understood, agreed and made a part of this Subscription Agreement that Associated Transport, Inc. shall have the right and option to repurchase said shares of stock or any part thereof at any time within the period of five years from June 30, 1942 at and for the price of \$102 per share plus accrued and unpaid dividends; and nothing to the contrary appearing in the Stock Certificates or the Charter of the Corporation shall abrogate this understanding. We agree that the substance of this provision shall be written or stamped upon each of the Certificates representing such shares or any reissue thereof.

Very truly yours,

(s) ROBERT C. LEE,

Treasurer.

RCL:JS.

1800

SUBSCRIPTION AGREEMENT

The undersigned hereby subscribes for 1500 shares of the Preferred Capital Stock of Associated Transport, Inc., a Delaware corporation, with its principal place of business at 1775 Broadway, New York, New York; and agrees to pay therefor, on delivery of said shares, the sum of \$150,000.00, or \$100.00 per share.

It is understood, agreed and made a part of this purchase contract, that Associated Transport, Inc. shall have the right and

option to repurchase said shares of stock, or any part thereof, at any time within a period of five years from this date at and for the price of \$102.00 per share; and nothing to the contrary appearing in said certificates or the Charter of the Corporation shall abrogate this understanding. The subscribers hereto agree that the substance of this provision shall be written or stamped upon each of the certificates representing said shares, or any reissue thereof.

It is further understood and agreed that said 1,500 shares of the Preferred Capital Stock of Associated Transport, Inc. shall when paid for as hereinabove agreed be fully paid and non-assessable, and that all issue and transfer taxes in respect thereof shall have been paid without liability of the undersigned therefor.

This 30 day of June 1942.

MACK MANUFACTURING CORPORATION,
(s) F. F. STANFORD, *Vice President*.

1801

SUBSCRIPTION AGREEMENT

The undersigned hereby subscribe for 4,500 shares of the Preferred Capital Stock of Associated Transport, Inc., a Delaware corporation with its principal place of business at 1775 Broadway, New York, New York; and agreed to pay therefor, on delivery of said shares, the sum of \$150,000.00, or \$100.00 per share.

It is understood, agreed and made a part of this purchase contract, that Associated Transport, Inc. shall have the right and option to repurchase said shares of stock, or any part thereof, at any time within a period of five years from this date at and for the price of \$102.00 per share, plus accumulated dividends; and nothing to the contrary appearing in said certificate or the Charter of the Corporation shall abrogate this understanding. The subscriber hereto agrees that the substance of this provision shall be written or stamped upon each of the certificates representing said shares, or any reissue thereof.

This subscription is executed with the understanding and upon the express condition that it shall not be binding upon the undersigned until and unless bona fide subscriptions shall have been obtained by Associated Transport, Inc., within thirty (30) days from the date hereof, from persons, associations, firms, partnerships or corporations, other than the undersigned, at the par value thereof, in the aggregate amount of not less than \$850,000.00 par value of additional shares of the Preferred Capital Stock of the present issue, making a total of not less than One Million (\$1,000,000.00) Dollars par value of Preferred Capital Stock in addition

to that now issued and outstanding, and upon the further condition that no conditions, limitations or restrictions other than those now contained in the Certificate of Incorporation, as amended, shall be imposed upon the issuance and sale of this stock.

This 1st day of July 1942.

YELLOW TRUCK & COACH MANUFACTURING COMPANY.

By (s) W. H. GROSSMAN, *Vice President*.

YELLOW TRUCK & COACH MANUFACTURING COMPANY

PONTIAC, MICHIGAN

Harry C. Grossman, *Vice President*.

JULY 27TH, 1942.

Mr. B. M. SEYMOUR, *President*,

Associated Transport, Inc.,

1775 Broadway, New York City, N. Y.

DEAR MR. SEYMOUR: Mr. Irving B. Babcock, President of our Company, has referred your letter of July 22, 1942 to me for attention.

I have considered your suggestions to amend our Subscription Agreement dated July 1, 1942. In the light of your conversations with Mr. Babcock and pursuant to my understanding of those conversations, I suggest that the last paragraph of our Subscription Agreement be amended as follows:

"This subscription is executed with the understanding and upon the expressed condition that it shall not be binding upon the undersigned until and unless bona fide subscriptions shall have been obtained by Associated Transport, Inc., within thirty (30) days from the date hereof, from at least three (3) other corporations in the truck-manufacturing business, other than the undersigned, each in like amounts, in the aggregate amount of not less than \$450,000.00 par value of additional shares of the preferred capital stock of the present issue, making a total of not less than \$600,000.00 par value of preferred capital stock in addition to that now issued and outstanding, and upon the further condition that no conditions, limitations, or restrictions, other than those now contained in the Certificate of Incorporation, as amended, shall be imposed upon the issuance and sale of this stock."

Upon your written acceptance of our offer to amend the Subscription Agreement, as hereinabove set forth, we will consider the Subscription Agreement amended.

Yours very truly,

(s) H. C. GROSSMAN,
H. C. GROSSMAN,
Vice President.

HCG am.

1804

JULY 29, 1942.

Mr. H. C. GROSSMAN, *Vice President,*
Yellow Truck & Coach Mfg. Company, Pontiac, Michigan.

DEAR MR. GROSSMAN: Have your letter of July 27, suggesting amending of our Subscription Agreement by striking out the last paragraph and substituting in lieu thereof the following:

"This subscription is executed with the understanding and upon the expressed condition that it shall not be binding upon the undersigned until and unless bona fide subscriptions shall have been obtained by Associated Transport, Inc., within thirty (30) days from the date thereof, from at least three (3) other corporations in the truck manufacturing business, other than the undersigned, each in like amounts, in the aggregate amount of not less than \$450,000.00 par value of additional shares of the preferred capital stock of the present issue, making a total of not less than \$600,000.00 par value of preferred capital stock in addition to that now issued and outstanding, and upon the further condition that no conditions, limitations, or restrictions, other than those now contained in the Certificate of Incorporation, as amended, shall be imposed upon the issuance and sale of this stock."

The above amendment is entirely agreeable and you are hereby authorized to consider these Subscription Agreements amended as above.

Very truly yours,

ASSOCIATED TRANSPORT, INC.,
B. M. SEYMOUR, *President.*

BMS:AD.

1805

SUBSCRIPTION AGREEMENT

The undersigned hereby subscribes for 1,500 shares of the Preferred Capital Stock of Associated Transport, Inc., a Delaware corporation, with its principal place of business at 1775 Broadway, New York, New York; and agrees to pay therefor, on delivery of said shares, the sum of \$150,000.00, or \$100.00 per share.

It is understood, agreed and made a part of this purchase contract, that Associated Transport, Inc., shall have the right and option to repurchase said shares of stock, or any part thereof, at any time within a period of five years from this date at and for the price of \$102.00 per share; and nothing to the contrary appearing in said certificates or the Charter of the Corporation shall abrogate this understanding. The subscribers hereto agree that the substance of this provision shall be written or stamped upon each of the certificates representing said shares, or any re-issue thereof.

It is further understood and agreed that said 1,500 shares of the Preferred Capital Stock of Associated Transport, Inc., shall when paid for as hereinabove agreed be fully paid and nonassessable, and that all issue and transfer taxes in respect thereof shall have been paid without liability of the undersigned therefor.

This 3rd day of September 1942.

THE B. F. GOODRICH COMPANY,

By (s) JAS. J. NEWMAN, Vice President.

1806

In the Supreme Court of the United States

Statement of Points To Be Relied Upon and Designation of Parts of the Record Necessary for Consideration Thereof

Filed April 20, 1943

1. Now come the appellants in the above entitled cause and for their statement of the points on which they intend to rely in their appeal to this Court adopt the points contained in their assignment of errors heretofore filed herein.

2. The entire record in this cause as filed in this Court is necessary for consideration of the points stated by appellants and the entire transcript of record as it is submitted by the clerk of the District Court should be printed by the clerk of this Court (except that briefs filed by the parties in the

1807

proceeding before the Interstate Commerce Commission should be omitted).

E. B. USSERY (D. P. G.),

E. B. Ussery,

Counsel for McLean Trucking Company, Inc.

ROBERT H. SHIELDS,

Robert H. Shields,

Solicitor of the United States Department of Agriculture,

Counsel for the Secretary of Agriculture of the United States.

W. CARROLL HUNTER,

W. Carroll Hunter,

Assistant Solicitor of the U. S. Department of Agriculture,

Counsel for the Secretary of Agriculture of the United States.

MARTIN V. BURNS (D. P. G.),

Martin V. Burns,

Counsel for American Farm Bureau Federation.

Dated this 19th day of April 1943.

1808

PROOF OF SERVICE

I, W. Carroll Hunter, Assistant Solicitor of the Department of Agriculture, attorney for the Secretary of Agriculture in the above entitled action, hereby certify that on the 19th day of April 1943, I served the attached "Statement of Points to be Relied Upon and Designation of Parts of the Record Necessary for Consideration Thereof" upon:

1809 1. Arne C. Wiprud, Special Assistant to the Attorney General, Counsel for United States of America, Department of Justice, Washington, D. C.

2. Daniel W. Knowlton, Chief Counsel, Interstate Commerce Commission, Counsel for Interstate Commerce Commission, Interstate Commerce Commission, Washington, D. C.

3. Nordlinger, Reigelman, Cooper & Benetar, Counsel for Associated Transport, Inc., Barnwell Brothers, Incorporated, Consolidated Motor Lines, Incorporated, Horton Motor Lines, Incorporated, McCarthy Freight System, Inc., M. Moran Transportation Lines, Inc., Southeastern Motor Lines, Incorporated, Transportation, Incorporated, Barnwell Warehouse & Brokerage Company, Brown Equipment & Manufacturing Company, Conger Realty Company, and Southern New England Terminals, Inc., 420 Lexington Avenue, New York, New York.

4. The Transportation Company % Kuhn, Loeb & Company, 52 Williams Street, New York, New York.

5. Kuhn, Loeb & Company, 52 Williams Street, New York, New York.

6. Arrow Carrier Corporation, Park Street & Getty Avenue,
Patterson, New Jersey.

7. Attorney General for the State of New York, Albany, New,
York.

by depositing copies thereof in the United States mails enclosed
in sealed envelopes, postpaid registered mail, addressed to each of
said persons or attorneys at the address above set forth for each.

W. CARROLL HUNTER.

W. Carroll Hunter,

Assistant Solicitor.

United States Department of Agriculture.

[File endorsement omitted.]

1810 Supreme Court of the United States

*Order noting probable jurisdiction **

April 19, 1943

The statement of jurisdiction in this case having been sub-
mitted and considered by the Court, probable jurisdiction is
noted.

[Endorsement on cover:] File No. 47830. D. C. U. S., Southern
New York, Term No. 31. McLean Trucking Company, Inc., The
Secretary of Agriculture of the United States, and American
Farm Bureau Federation, Appellants *vs.* The United States of
America, Interstate Commerce Commission, Associated Transport,
Inc., Barnwell Brothers, Inc., et al. Filed April 2, 1943. Term
No. 31 O. T. 1943.